

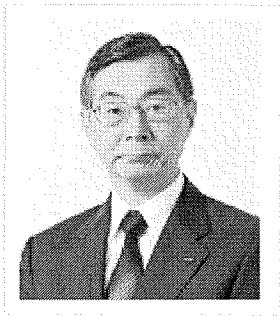
EXHIBIT A

KDDI Corporation

Financial Statements and Management Biographies

Management Policy

Tadashi Onodera



Tadashi Onodera
Chairman

[Date of Birth]
February 3, 1948

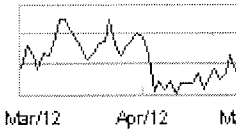
Dec. 2010	Chairman
Jun. 2005	President and Chairman
Jun. 2001	President
Jun. 1997	Executive Vice President, Member of the Board
Jun. 1995	Associate Senior Vice President, Member of the Board
Jun. 1989	Member of the Board



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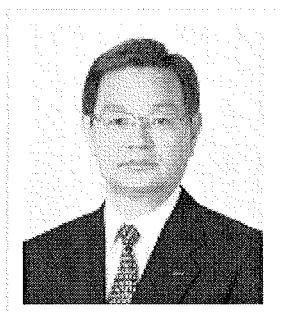
Designing The Future



Corporate Information

Management Policy

Kanichiro Aritomi



Kanichiro Aritomi
Vice Chairman

[Date of Birth]

October 12, 1947

- Jun. 2010 Vice Chairman
- Aug. 2009 Special Adviser
- Jul. 2007 President, the Foundation for MultiMedia Communications

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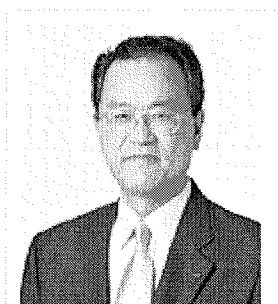
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Corporate Information

Management Policy

Takashi Tanaka



Takashi Tanaka
President

[Date of Birth]

February 26, 1957

- | | |
|-----------|--|
| Dec. 2010 | President |
| Jun. 2010 | Senior Vice President, Solution Business, Consumer Business, and Product Development Sector, Member of the Board |
| Apr. 2010 | Associate Senior Vice President, Solution Business, Consumer Business, and Product Development Sector, Member of the Board |
| Jun. 2007 | Associate Senior Vice President, General Manager, Solution Business Sector, Member of the Board |

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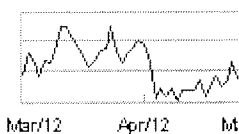
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Mar/12 Apr/12 May/12

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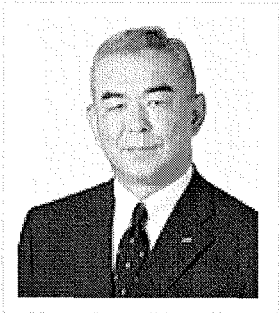
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Management Policy

Hirofumi Morozumi



Hirofumi Morozumi
Executive Vice President
Member of the Board

[Date of Birth]
May 2, 1956

- Jun. 2010 Executive Vice President, General Manager, Corporate Sector, Member of the Board
- Apr. 2010 Senior Vice President, General Manager, Corporate Sector, Member of the Board
- Mar. 2010 Director of Jupiter Telecommunications Co., Ltd.
- Jun. 2007 Senior Vice President, Corporate Administration and Human Resources, Corporate Strategy, Member of the Board
- Jun. 2003 Associate Senior Vice President, Member of the Board
- Apr. 2003 Associate Senior Vice President
- Jun. 2001 Vice President
- Jun. 1995 Member of the Board



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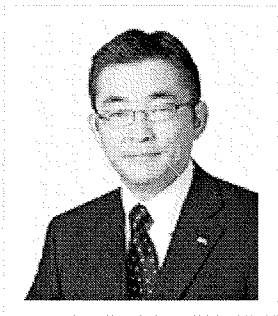
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Management Policy

Makoto Takahashi



Makoto Takahashi
Senior Vice President
Member of the Board

[Date of Birth]
October 24, 1961

- Apr. 2011 Senior Vice President, General Manager, Business Development Sector, Member of the Board
- Jun. 2010 Senior Vice President, General Manager, Group Strategy Sector, Member of the Board
- Apr. 2010 Associate Senior Vice President, General Manager, Group Strategy Sector, Member of the Board
- Mar. 2010 Director of Jupiter Telecommunications Co., Ltd.
- Jun. 2007 Associate Senior Vice President, General Manager, Consumer Business Sector, Member of the Board



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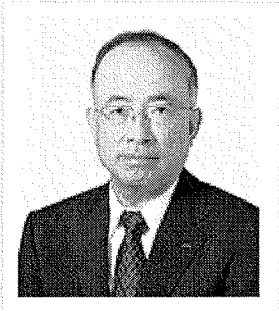
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Management Policy

Yoshiharu Shimatani



Yoshiharu Shimatani
Senior Vice President
Member of the Board

[Date of Birth]
October 28, 1950

- Jun. 2011 Senior Vice President, General Manager, Technology Sector, Member of the Board
- Apr. 2010 Associate Senior Vice President, General Manager, Technology Sector, Member of the Board
- Jun. 2009 Associate Senior Vice President, Technology Officer, Member of the Board



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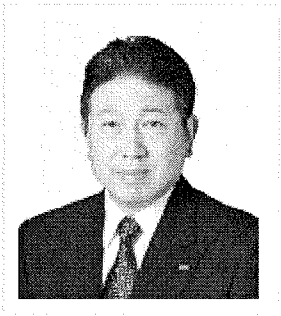
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Management Policy

Yuzo Ishikawa



Yuzo Ishikawa
Senior Vice President
Member of the Board

[Date of Birth]
October 19, 1956

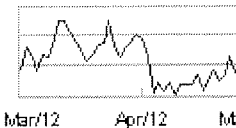
Apr. 2012	Senior Vice President,Consumer Business, Solution Business,Global Business and Product Sector,Member of the Board
Oct. 2011	Senior Vice President, Consumer Business, Business Development, Solution Business,Global Business and Product Sector,Member of the Board
Jun. 2011	Senior Vice President, Consumer Business, Solution Business, Global Business and Product Sector, Member of the Board
Jun. 2010	Associate Senior Vice President, General Manager, Solution Business Sector, Member of the Board
Jun. 2001	Vice President
Jun. 2000	Member of the Board

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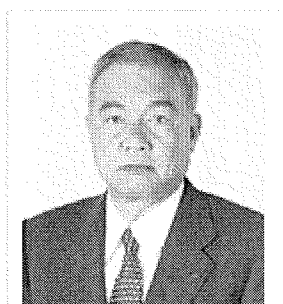
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Management Policy

Masahiro Inoue



Masahiro Inoue
Associate Senior Vice
President
Member of the Board

[Date of Birth]

November 7, 1952

- Apr. 2011 Associate Senior Vice President, Associate General Manager,
Technology Sector, (Engineering and Operations), Member of the
Board
- Jun. 2010 Associate Senior Vice President, General Manager, Mobile
Technology Sector, Member of the Board

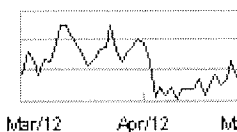
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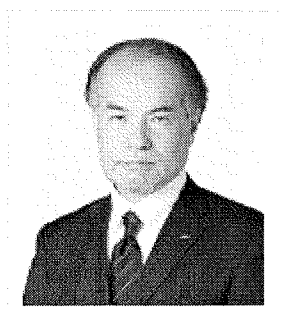
Designing The Future



Corporate Information

Management Policy

Hideo Yuasa



Hideo Yuasa

Associate Senior Vice

President

Member of the Board

[Date of Birth]

August 3, 1955

- Apr. 2011 Preseident, CHUBU TELECOMMUNICATION CO., INC.
- Jun. 2010 Associate Senior Vice President, General Manager, Consumer Business Sector, Member of the Board
- Apr. 2010 Vice President, General Manager, Consumer Business Sector

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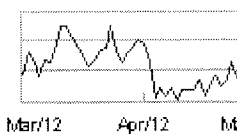
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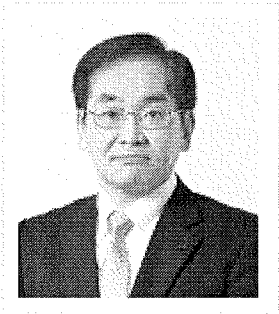
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Management Policy

Hiromu Naratani



Hiromu Naratani
Associate Senior Vice
President
Member of the Board

[Date of Birth]
February 6, 1952

- Apr. 2011 Associate Senior Vice President, General Manager, Corporate Communications Sector, Member of the Board
- Jun. 2010 Associate Senior Vice President, General Manager, Corporate Communications & Marketing Sector, Member of the Board
- Apr. 2010 Vice President, General Manager, Corporate Communications & Marketing Sector



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This translation is to be used solely as a reference and the consolidated financial statements in this release are unaudited.

Financial Statements Summary for the Year ended March 31, 2012 [Japan GAAP]

Company Name	KDDI CORPORATION	Code No.	9433	April 25, 2012
Stock Listing	Tokyo Stock Exchange-First Section	URL	http://www.kddi.com	
Representative	Takashi Tanaka, President			
Scheduled date for annual meeting of shareholders	June 20, 2012			
Scheduled date for filing of full-year report	June 21, 2012			
Scheduled date for dividend payment	June 21, 2012			
Earnings supplementary explanatory documents for the fiscal year:	Yes			
Earnings presentation for the fiscal year:	Yes (for institutional investors and analysts)			

(Amount unit: Millions of yen, unless otherwise stated)
(Amounts are rounded down to nearest million yen)

1. Consolidated Financial Results for the Year ended March 31, 2012 (April 1, 2011 – March 31, 2012)

(1) Consolidated Results of Operation

•Percentage represents comparison change to the corresponding previous fiscal year•

	Operating Revenues	Operating Income	Ordinary Income	Net Income
	%	%	%	%
Year ended March 31, 2012	3,572,098 4.0	477,647 1.2	451,178 2.4	238,604 (6.5)
Year ended March 31, 2011	3,434,545 (0.2)	471,911 6.3	440,676 4.2	255,122 19.9

(Note) Consolidated Statements of Comprehensive Income

Year ended March 31, 2012 : 249,510 million yen; (0.5)% Year ended March 31, 2011 : 250,829 million yen; 6.1%

	Net Income per Share	Diluted Net Income per Share	Return on Equity	Return on Assets	Operating Income Margin
	Yen	Yen	%	%	%
Year ended March 31, 2012	58,115.98	56,668.91	11.5	11.6	13.4
Year ended March 31, 2011	58,149.78	-	12.4	11.6	13.7

(Reference) Equity in net income of affiliates Year ended March 31, 2012: (18,297) million yen/Year ended March 31, 2011: (19,948) million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Total Net Assets per Share
			%	Yen
As of March 31, 2012	4,004,009	2,128,624	51.5	539,206.73
As of March 31, 2011	3,778,918	2,171,839	55.7	495,386.23

(Reference) Shareholder's Equity As of March 31, 2012 : 2,060,746 million yen/As of March 31, 2011 : 2,103,331 million yen

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents
Year ended March 31, 2012	725,886	(484,507)	(225,931)	174,191
Year ended March 31, 2011	717,353	(440,545)	(279,998)	159,869

2. Dividends

	Dividends per Share					Total Dividends for the Year	Payout Ratio	Ratio of Dividends to Shareholders' Equity
	1 st Quarter End	2 nd Quarter End	3 rd Quarter End	Fiscal Year End	Total		%	%
Year ended March 31, 2011	Yen -	Yen 6,500.00	Yen -	Yen 7,500.00	Yen 14,000.00	60,795	24.1	3.0
Year ended March 31, 2012	-	7,500.00	-	8,500.00	16,000.00	64,328	27.5	3.1
Year ending March 31, 2013 (forecast)	-	8,500.00	-	8,500.00	17,000.00		26.0	

3. Consolidated Financial Results Forecast for the Year ending March 31, 2013 (April 1, 2012 - March 31, 2013)

•Percentage represents comparison to previous fiscal year•

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Net Income per Share
	%	%	%	%	Yen
Entire Fiscal Year	3,580,000 0.2	500,000 4.7	490,000 8.6	250,000 4.8	65,414.00

1. Forecast of consolidated business results for the six months ending September 30, 2012 is not prepared.

2. Net income per share in the consolidated financial results forecasts for the year ending March 31, 2013 does not take the stock split into account. For further information, please see "Explanation for Appropriate Use of Forecasts and Other Notes."

4. Other

- (1) Changes in significant consolidated subsidiaries (which resulted in changes in scope of consolidation): None
- (2) Changes in accounting policies, accounting estimates and restatement of corrections
- 1) Changes in accounting policies resulting from the revision of the accounting standards and other regulations: Yes
- 2) Other changes in accounting policies: None
- 3) Changes in accounting estimates: Yes
- 4) Restatement of corrections: None

Note: Please refer to page 25 “Basis of Presenting Consolidated Financial Statements” and page 28 “Changes in Significant Accounting Policies” and “Changes in Accounting Estimates” for details.

- (3) Numbers of Outstanding Shares (common shares)
- 1) Number of shares outstanding (inclusive of treasury stock)
- | | |
|----------------------|-----------|
| As of March 31, 2012 | 4,484,818 |
| As of March 31, 2011 | 4,484,818 |
- 2) Number of treasury stock
- | | |
|----------------------|---------|
| As of March 31, 2012 | 663,006 |
| As of March 31, 2011 | 238,976 |
- 3) Number of weighted average common shares outstanding (cumulative for all quarters)
- | | |
|-----------------------------------|-----------|
| For the year ended March 31, 2012 | 4,105,665 |
| For the year ended March 31, 2011 | 4,387,331 |

(Amount unit: Millions of yen, unless otherwise stated)
(Amounts are rounded down to nearest million yen)

(Reference) Summary of KDDI Corporation’s Financial Results and Financial Position

1. KDDI Corporation’s Financial Results for the Year ended March 31, 2012 (April 1, 2011 – March 31, 2012)

(1) KDDI Corporation’s Results of Operation

•Percentage represents comparison change to the corresponding previous fiscal year••

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
		%		%		%		%
Year ended March 31, 2012	3,273,536	4.3	432,440	1.0	434,575	2.8	249,836	(2.7)
Year ended March 31, 2011	3,138,742	(2.3)	428,269	3.4	422,929	3.0	256,823	19.6

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Year ended March 31, 2012	60,851.69	59,337.05
Year ended March 31, 2011	58,537.60	-

(2) KDDI Corporation’s Financial Position

	Total Assets	Net Assets	Equity Ratio	Total Net Assets per Share
			%	Yen
As of March 31, 2012	3,851,891	2,064,847	53.6	540,008.17
As of March 31, 2011	3,644,330	2,092,818	57.4	492,577.91

(Reference) Shareholder’s Equity As of March 31, 2012: 2,063,809 million yen As of March 31, 2011: 2,091,407 million yen

Indication of audit procedure implementation status

This earnings report is exempt from audit procedure based upon the Financial Instruments and Exchange Act. It is under the audit procedure process at the time of disclosure of this report.

Explanation for Appropriate Use of Forecasts and Other Notes

1. Forecast of Results

The forward-looking statements such as operational forecasts contained in this statements summary are based on the information currently available to KDDI corporation (hereafter: the “Company”) and certain assumptions which are regarded as legitimate. Actual results may differ significantly from these forecasts due to various factors. Please refer to page 8 “Outlook for the Year ending March 31, 2013” under •the Attachment• for the assumptions used and other notes.

2. Forecasts for financial results and dividends after the stock split

The Company resolved at a meeting of the Board of Directors held on April 25, 2012, that the common stock will be split 100 for 1, and the trading unit of the stock will be 100 shares with an effective date of October 1, 2012. Accompanying this change, the forecasts for financial results and dividends in the fiscal year ending March 31, 2013 are as follows.

(1) Consolidated Business Results Forecast for the Year ending March 31, 2013

Year ending March 31, 2013 ¥654.14

(2) Dividends forecast for the Year ending March 31, 2013

Six months ending September 30, 2012 ¥8,500.00 ^{Note1}

Year ending March 31, 2013 ¥85.00 ^{Note2}

Note 1: Interim dividends will be paid on the basis of the number of shares prior to the implementation of the stock split.

Note 2: Dividends after the implementation of the stock split, if adjusted to reflect the number of shares prior to the stock split, will be equivalent to ¥8,500.00 per share.

【the Attachment】

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* The Company holds an earnings presentation for investors as below. Documents distributed at the presentation are scheduled to be posted on our website at the same time as the release of the financial statements summary. Videos and main Q&As are planned to be posted immediately after the presentation.

- Wednesday, April 25, 2012- Earnings presentation for institutional investors and analysts

* In addition to the above earnings presentation, the Company holds conferences on its business and results for individual investors. Please check our website for the schedule and details.

1. Qualitative Information / Financial Statements, etc.

(1) Analysis on Consolidated Operating Results

1. Results Overview

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012	Increase (Decrease)	Increase (Decrease) %
Operating Revenues	3,434,545	3,572,098	137,552	4.0
Operating Expenses	2,962,634	3,094,450	131,815	4.4
Operating Income	471,911	477,647	5,736	1.2
Non-operating Income (Expense)	(31,234)	(26,469)	4,765	-
Ordinary Income	440,676	451,178	10,501	2.4
Extraordinary Profit (Loss)	(95,416)	3,241	98,658	-
Income before Income Taxes and Minority Interests	345,259	454,419	109,159	31.6
Income Taxes	81,237	207,560	126,323	155.5
Income before Minority Interests	264,022	246,858	(17,163)	(6.5)
Minority Interests	8,900	8,254	(646)	(7.3)
Net Income	255,122	238,604	(16,517)	(6.5)

Operating revenues for the year ended March 31, 2012 amounted to ¥3,572,098 million, 4.0% increase year on year, mainly due to the increase in revenues brought by the increase in the number of terminal sales in the Mobile Business, and the increase in revenues of group companies in the Fixed-line Business, despite the decline in voice ARPU (Average Revenue per Unit) in the Mobile Business.

In profits, the decline the Mobile Business was offset by the substantial gain in the Fixed-line Business. Operating income was up 1.2% year on year to ¥477,647 million, and ordinary income was up 2.4% year on year to ¥451,178 million. In extraordinary income and loss, there was a substantial improvement due to a decline in impairment losses and a reversal of the provision for loss on the Great East Japan Earthquake. However, corporate taxes for the year ended March 31, 2011 declined due to a loss on liquidation of four intermediary holding companies that possessed shares of Jupiter Telecommunications Co., Ltd. In addition, in the fiscal year under review, income taxes increased due to the reversal of deferred tax assets accompanying a reduction in the corporation tax rate. As a result, net income was down 6.5% year on year to ¥238,604 million.

Overview of Economic Conditions

The debt problems in Europe continue to be a major risk factor for the global economy, and in the Euro zone, the unemployment rate is rising and banks are reluctant to lend. In addition, countries are stepping up budget cuts. As a result, the pace of the recovery in the global economy is clearly decelerating. On the other hand, in the U.S., the employment environment has improved, and monetary easing measures are gradually taking effect. Business conditions are expected to follow a moderate recovery trend. Also, in emerging economies, business conditions seem to be steadily improving as concerns about inflation subside, monetary easing measures take effect, and internal demand increases.

In Japan, the economy has not been expanding, but moving forward a moderate recovery is expected to continue for some time, with support from reconstruction-related demand and a range of policy measures, such as subsidies for environmentally-friendly cars. Nonetheless, issues requiring ongoing attention include downside risks in the economy, such as electricity shortages and increases in the price of crude oil, as well as trends in the global economy.

Industry Trends

In the mobile communications market, competition for customers is intensifying as pricing plans become more affordable; the use of smartphones increases; the range of tablets and other devices diversifies; and content services expand, centered on music, videos, and ebooks. In the fixed-line communications market, progress is being made by services combining fixed-line and mobile and by the integration of telecommunications and broadcasting. As a result, competition between services is entering a new phase.

KDDI's Position

The Company steadily implemented its medium to long term strategies-the 3M Strategy and the Global Strategy-targeting the realization of the three business vision: "More Connected" "More Diverse Values" "More Global." 3M stands for Multi-network, Multi-device, and Multi-use. Our growth strategy calls for the establishment of an environment that seamlessly provides a variety of content and services to customers

through an optimal network that can be used anytime and anywhere, with a variety of devices, including smartphones and tablets.

In January 2012, we announced the Smart Passport Concept, which is phase 1 of the 3M strategy. This concept has three key factors. The first is “au Smartvalue,” an FMC discount service that we offer in cooperation with FTTH/CATV companies. The second is “au Smart Pass,” which offers packages of more than 500 applications and cloud services. The third is “au ID,” which enables the seamless use of those services on multiple devices. The Smart Passport Concept is aimed at maximizing Value ARPU by expanding FTTH sales, targeting smartphone subscriptions through linked acquisition in the household, and promoting the use of cloud-based content services. In the future, the Company will further advance the Smart Passport Concept, and in accordance with a new slogan—New Freedom.—we will provide customers with new value that realizes 3M.

In the Mobile Business, we have implemented a variety of initiatives to expand our customer base. We strengthened our lineup of handsets, including smartphone models not available from other companies. We also took steps to enhance our applications and content, such as establishing a cooperation agreement with Facebook Inc. and strengthening our LISMO service. Additionally, to respond to rapidly growing data traffic, we bolstered our network by expanding the “au Wi-Fi SPOT” public wireless LAN service. We also began to provide the “Wi-Fi HOME SPOT (CUBE),” a router for use in the home, and we introduced “EV-DO Advanced” to increase communications quality in congested areas. In this way, we continued to focus on both strengthening our network and reducing our costs.

In the Fixed-line Business, we worked to expand access lines, centered on FTTH services. For corporate clients, we strove to reinforce our ability to support corporate clients' international business development by making effective use of our overseas locations. We also took steps to enhance our solutions services.

In both businesses, we sought to forge partnerships with numerous companies in a variety of fields.

2. Results by Business Segment

Note 1: Results Summary

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012	Increase (Decrease)	Increase (Decrease)	%
Mobile Business					
Operating revenues	2,590,724	2,727,012	136,287		5.3
Operating expenses	2,151,838	2,307,821	155,982		7.2
Operating income	438,885	419,190	(19,695)		(4.5)
Fixed-line Business					
Operating revenues	897,251	915,536	18,284		2.0
Operating expenses	873,262	862,104	(11,157)		(1.3)
Operating income	23,989	53,431	29,442		122.7
Other Business					
Operating revenues	114,326	106,873	(7,452)		(6.5)
Operating expenses	105,797	102,575	(3,222)		(3.0)
Operating income	8,529	4,298	(4,230)		(49.6)

Note 2: Subscriptions of Major Services

(Unit : Thousand line)

	As of March 31, 2011	As of March 31, 2012	Increase (Decrease)	Increase (Decrease)	%
au ¹	32,999	35,109	2,110		6.4
CDMA 1X WIN	29,633	33,539	3,906		13.2
(Ref.) UQ WiMAX	807	2,266	1,459		180.8
FTTH	1,901	2,268	367		19.3
Metal-plus	2,543	2,189	(354)		(13.9)
Cable-plus phone	1,341	2,074	733		54.7
CATV ²	1,088	1,142	54		5.0
Fixed access lines ³	6,407	7,118	711		11.1

Notes: 1. Inclusive of module-type contracts

2. Inclusive of wholesales to “J:COM PHONE Plus” from the fiscal year ending March 31, 2012

3. Number of households with at least one contract via broadcasting, internet, or telephone

4. Total access lines of FTTH, direct-revenue telephony (Metal-plus, Cable-plus phone), and CATV subs. excluding crossover.

Mobile Business

Operating revenues for the year ended March 31, 2012 amounted to ¥2,727,012 million, 5.3% increase year on year. Contributing factors include the increase in revenue brought by the increase in the number of terminal sales, despite the decline in voice ARPU caused by the uptake of the Maitsuki Discount (Monthly discount) and Simple Course. Operating income amounted ¥419,190 million, down 4.5% year on year, due to the increase in handsets procurement cost that led the rise in operating expenses.

<Overall>

- The number of “au” mobile phone subscriptions was 35.109 million as of March 31, 2012.
- On January 16, 2012, in conjunction with the rollout of the new au slogan—New Freedom,—we introduced a new au brand mark.
- On March 1, 2012, we began to offer au Smart Pass and au Smartvalue.
 “au Smart Pass” offers unlimited use of more than 500 applications as well as coupon and point services, storage of photos and videos, and security and support, all for ¥390 per month (including tax). Everyone, from experienced smartphone users to beginners, can securely and freely enjoy their favorite applications and services with “au Smart Pass,” and by March 27 the number of members had surpassed 500,000.
 “au Smartvalue” is a service that combines mobile and fixed-line communications. With a subscription to a designated fixed-line communications service (FTTH, CATV), customers can receive a discount of ¥1,480 (tax included)* on their monthly smartphone usage charges for up to two years. This service is available to subscribers to a designated fixed-line communications service and their family members who reside in the same household. * After 2 years, the discount will be ¥980.
- Accompanying the reorganization of the 800MHz bandwidth, which is used by au mobile phones, the provision of service for models that are not compatible with the new 800MHz bandwidth will end on July 22, 2012. Special options have been made available to eligible customers who upgrade their handsets, such as special prices, including models that are eligible for free upgrades. We have also continued to implement activities to publicize this issue. As a result, we have made favorable progress in encouraging customers to upgrade.

<Mobile Terminals>

- On October 14, 2011, the Companies began offering the “iPhone 4S” (made by Apple Inc.). You can use iPhone 4S on the Companies’ 3G network, so you can enjoy the incredible features of iPhone 4S anywhere, anytime.
- We launched a total of 24 new Android™ smartphones. These included the INFOBAR series as well as high-speed communications models with WiMAX and tethering capability and waterproof models.
- In feature phones, we launched 13 new models. These included models that can be easily used even by people who are not skilled in the use of mechanical devices and waterproof models that feature a sophisticated design and a focus on ease of use.
- We also launched a total of 8 other communications devices (tablets, mobile Wi-Fi routers, etc.).
- In handset accessories, in collaboration with “NAVA,” a leading Italian stationery maker, in October 2011 we began sales of “iida & NAVA” smartphone accessories. In January 2012, we launched the “au + 1 collection” of official au accessories, which features a large number of items, centered on original products available only from au. The “au + 1 collection” will be available at au shops, and au points can be used for payment.

<Products released for the year ended March 31, 2012>

Smartphones	iPhone	“iPhone 4S”
	IS Series	“INFOBAR A01,” “INFOBAR C01,” “GALAXY S II WiMAX ISW11SC,” “OptimusX IS11LG,” “MOTOROLA PHOTON ISW11M,” “DIGNO ISW11K,” etc. “Windows Phone IS12T”
Feature phones	au	“Simple Phone K010,” “Mi-Look,” “URBANO AFFARE”
Other communication devices		“MOTOROLA XOOM™ Wi-Fi TBi11M,” “PHOTO-U2 SP03,” “Wi-Fi WALKER DATA08W,” “ETBW11AA”
Accessories	INFOBAR	“Accessories for INFOBAR A01/C01”
	Collaboration with brands	“iida & NAVA” series
	Others	“au + 1 collection” series

<Pricing Plans>

- On September 1, 2011, we began providing two new au mobile phone pricing plans, “Plan W simple” and “Plan W,” for customers who place frequent international calls. In addition, we made calls inside Japan between au mobile phones free of charge (except between 9pm and 1am) and made all C-mail within Japan free of charge, the first time this has been done for au mobile phones.

On the same day, the Companies made it possible to place international calls from au mobile phones by dialing the “010” prefix.

- The Companies launched a new pricing plan, “Plan Z Simple,” on September 28, 2011. “Plan Z Simple” allows users in Japan to call other au mobile phones within Japan for free between the hours of 1am and 9pm for a basic monthly rate of ¥980 (including tax)*. Also, domestic C-mail messages between au mobile phone users are always free, 24 hours a day.

* Under “Everybody Discount” contract

- On December 1, 2011, the Companies began to offer “WIN Single Flat WiMAX (Simple),” a new rate plan that can be used with a downlink speed of up to 40Mbps. In addition to the conventional 3G wide service areas, this service can also be used in WiMAX service areas. If customers subscribe to this service when purchasing a compatible device (DATA08W, DATA01), they are eligible for the “WIN Single Flat Cost-Saving Discount,” under which the service is available for ¥4,410 per month (tax included)* for up to 25 months.

* When applying for “Everybody Discount Single” or “WIN Single Set Discount.”

<Consumer Services>

- We began to offer the “Guarantee Security Pack,” which provides total security and safety support for Android™ smartphones, on November 18, 2011. In this way, we provide a package of services: remote locking in the event a smartphone is lost, “Virus Buster Mobile for au,” which protects handsets from harmful sites and applications, and “Remote Support,” which offers remote operation and setting by operators. We are the first domestic mobile telecommunications company to introduce remote support for Android™ smartphones.
- From March 1, 2012, we significantly improved the existing au mobile phone point service, the “au Point Program.” Through this upgrade, we have expanded the ways in which members can use points earned under the “au Point Program.” For example, points can be used to make purchases of goods from a variety of shopping sites or content. In addition, we changed the requirements for earning points.

<Corporate Services>

- The Company entered a business alliance with Branddialog, Inc., on August 2, 2011, to launch the “KDDI Knowledge Suite.” As the Company’s first service for its proprietary “KDDI MULTI CLOUD” service, the “KDDI Knowledge Suite” is a highly convenient business application that links groupware with sales support and customer management, which enables workers to operate more efficiently by allowing them to use schedules and telephone memos even when away from their desks.
- On November 22, 2011, we began to offer “KDDI 3LM Security,” a security management service developed by Three Laws of Mobility, Inc. This service, which is available for corporate customers using au Android™ devices, features robust security functions that were not previously available at the application level.

<Others>

- The Companies launched the “au Wi-Fi SPOT” public wireless LAN service on June 30, 2011, and by the end of March 2012, the number of spots available with this service had surpassed 100,000.

Customers who subscribe to the “IS Flat” or to “Plan F (IS) Simple/Plan F (IS)” can use this service from au smartphones at no additional charge, and this service is used by a large number of customers. We have implemented a variety of measures to increase convenience for our customers. We are providing services in cooperation with convenience stores for the distribution of a wide range of information and content. We have also enhanced service to enable the use of another Wi-Fi compatible device in addition to the smartphone, such as a PC or a tablet, at no charge. In addition, we have taken steps to expand our coverage area in Japan and include such locations as moving buses, railroad stations, airports, and restaurants. We are also providing international roaming service in more than 100 countries and regions overseas, such as in North America, Asia, and Europe.

Furthermore, in February 2012, we commenced rentals of “Wi-Fi HOME SPOT (CUBE),” an indoor wireless LAN service that offers high-speed wireless LAN communications in the home. “Wi-Fi HOME

SPOT™ is a home-use wireless LAN router that can be connected to home broadband circuits. One special feature is that the Wi-Fi can be initialized for use with an au smartphone just by pressing a single button. In addition, other Wi-Fi compatible devices, such as PCs and game machines, can also be easily used. In the future, we will work to expand our wireless LAN services, under the name “au Wi-Fi,” which will cover both “Wi-Fi HOME SPOT” and “au Wi-Fi SPOT.”

- From late January 2012, we began to roll out mobile NFC* (Type A/B) service in stages. As a result, the use of NFC services with mobile phones became possible for the first time in Japan. NFC-enabled mobile phones can be used for settlement services; coupon, membership card, and other services; and information acquisition and exchange. Furthermore, they can be used overseas as well, such as for shopping and transportation related functions.

* Near field communication: ISO international standard for near field wireless communications.

Compatible with Type A/B and FeliCa®. Contactless IC card functions, reader/writer functions, inter-device communications functions, etc., can be used.

- “Emergency Report Mail” delivers emergency messages to au mobile phones in specified areas. From January 31, 2012, in cooperation with national and municipal entities, we began to provide “disaster and evacuation information,” to provide notifications, such as various warnings and evacuation information related to disasters. From March 30, 2012, we began to provide the “tsunami warnings” announced by the Japan Meteorological Agency.

From spring 2012, we will offer the “Disaster Voice Delivery Service” for iOS and later Android™ smartphones. Even when voice networks are congested and it is difficult to make a phone call, this service will be able to deliver voice messages about personal safety and related topics. In addition to the “Disaster Message Board” service, the “au Disaster Countermeasure” application has been available since December 23, 2011. In this way, we are providing “security and safety” to customers using au Android™ smartphones.

- On February 1, 2012, the Company established the KDDI Open Innovation Fund, a corporate venture capital fund that will support promising startup companies. (Plans call for a total investment in the fund of ¥5.0 billion.) Through the fund, the Company will invest in promising startup companies in Japan and overseas. In addition, through cooperative activities, the Company will support service development, provide cloud computing and other platforms, and cooperate in promotional initiatives. In this way, the Company will foster the development of high-quality applications and services and, in conjunction with the “KDDI ∞ Labo” incubation program, support the growth of startup companies.

Furthermore, the innovative applications and services that are developed through this fund will be provided through “au Smart Pass.” In this way, the Company will provide customers with new experiences and value that realize the 3M strategy.

Fixed-line Business

Operating revenues in the year ended March 31, 2012 amounted to ¥915,536 million, 2.0% increase year on year, due to the increase in operating revenues of group companies, which offset the decline in voice revenue of the Company. Operating income amounted to ¥53,431 million, 122.7% increase sharply year on year, due to the decrease in operating expenses of the Company as a result of network streamlining conducted in the Fixed-line Business.

< Overall >

- The number of FTTH service subscriptions, consisting of “au HIKARI” and services of consolidated subsidiaries (Chubu Telecommunications Co., Inc.’s “Commuf@-hikari,” Okinawa Cellular Telephone Company’s “au HIKARI Chura” and Okinawa Telecommunication Network Co., Inc.’s “Hikarifuru”) reached 2.268 million as of March 31, 2012.
- As of March 31, 2012, the number of “Metal-plus” subscriptions totaled 2.189 million.
- For “Cable-plus phone,” alliances with cable television companies grew steadily, reaching 118 companies and its subscriptions expanded to 2.074 million as of March 31, 2012.
- Consolidated subsidiary JCN Group, which oversees 18 cable companies primarily in the Tokyo metropolitan area, had 1.142 million cable television subscriptions as of March 31, 2012.

< Consumer Services >

- “au HIKARI Home,” a FTTH service for detached houses, expanded its service areas to Hokkaido, Tohoku, Chugoku, Shikoku, Kyushu region, the service started from June 1, 2011. On February 14, 2012,

we began to provide customers who newly apply for “au HIKARI Home” with the “Aterm BL900HW,” a new home gateway with built-in high-speed wireless LAN functionality and a maximum speed of 450 Mbps (theoretical speed), the highest in Japan.

- On September 1, 2011, the Company began offering the “Guarantee Total Support” service, which provides customers using our “au one net” Internet connectivity service with support from expert operators for various problems related to Internet use. Specialized operators use the telephone and remote operations to provide “Guarantee Total Support,” which can be added to the “au one net” support service to help resolve issues involving Internet network equipment connectivity, settings and methods of use. On November 24, 2011, we began to offer “Guarantee Net Security.” The “Guarantee Net Security” is a comprehensive security service that offers abundant security functions at an economical price. These functions include virus and spyware countermeasures as well as phishing scam countermeasures and web filtering that limits access to harmful web sites.
- From February 14, 2012, as an au HIKARI telephone added-value service, we began to provide the “Telephone Option Pack,” which offers customers a bundle of convenient services, such as caller ID and call forwarding, at a package price.

< Corporate Services >

- The Company have started “KDDI MULTI CLOUD,” a new brand for corporate customers on June 28, 2011. Through this service, we integrate smart devices and applications seamlessly with “high quality” and “highly credible” networks and data centers as foundation to provide simple solutions and offer best working environment to corporate customers.
- On September 13, 2011, the Company and its subsidiary KDDI Web Communications Inc. participated in Google’s new “Getting Japanese Business Online” as a business partner in Japan. Aimed at promoting ICT use among small and medium-sized Japanese businesses, the project supports the creation and operation of websites for small and medium-sized businesses and promotes the use of IT in business. In conjunction with “KDDI Matomete Office,” a membership program that supports the establishment of office IT environments, we will strongly support small and medium-sized businesses.
- In October 2011, the Company acquired 85.5% of the common stock of CDNetworks Co., Ltd., of South Korea, which became a consolidated subsidiary of the Company. CDNetworks is a provider of content delivery network (CDN)^{Note} services in the global market. In addition to adding CDN services to our service lineup, we will also pursue synergies from this acquisition, such as network and facility cost reductions. In addition, as a result of this acquisition, on February 1, 2012, we began to provide “KDDI Global Content Accelerator,” a CDN service that accelerates the performance and dramatically increases the reliability and scalability of web sites and web applications.

Note: CDN services realize acceleration of Internet communications through temporary caching and delivery of content using servers that are located closer to end users.

- From December 2011, we began offering service at the “TELEHOUSE HONG KONG CCC,” a large-scale data center in Hong Kong that has a total floorspace of 36,000 square meters and meets the TELEHOUSE global standard. From January 2012, we also began offering service at the “TELEHOUSE FRANKFURT,” a data center in Frankfurt, Germany that has a total floorspace of 67,000 square meters. With the opening of these data centers, we have 22 overseas TELEHOUSE data centers in 11 regions and 14 cities.

Other Business

Operating revenue for the year ended March 31, 2012 decreased 6.5% year on year to ¥106,873 million. Operating income decreased 49.6% year on year to 4,298 million.

3. Status of major affiliates

UQ Communications Inc. (hereafter: “UQ”), an equity method affiliate of the Company, has recorded 2,265,700 subscriptions (topped 2 million subscriptions on February 26, 2012) and 19,714 base stations as of March 31, 2012.

The service area included 100 million people as of January 24, 2012. Moreover, it has been extended to include Tokyo subways and the areas alongside principal railroad lines throughout the country, including the Tokyo metropolitan area, Chubu, and Kansai, so that WiMAX services can be used in stations and on trains. Also, we are working to increase convenience with WiMAX on smartphones, tablets, and other devices.

In April 2011, Jupiter Telecommunications Co., Ltd. (hereafter: "J:COM"), an equity method affiliate, began rolling out J:COM PHONE Plus, which uses the Company's telecommunication networks and J:COM's cable TV networks, in J:COM's service areas. From March 15, 2012, in stages, the backbone circuits linking the service areas of J:COM, which has operations in the five major metropolitan areas in Japan, will be migrated to our consolidated IP core network, thereby strengthening and increasing the reliability of J:COM's network. First, we will start from the Sapporo-Tokyo, and then in stages we will move on to other areas. In this way, within 2012, about 70% of traffic will be migrated, and plans call for the migration to be completed in 2013.

The accounts of Jibun Bank Corporation (hereafter: "Jibun Bank"), an equity method affiliate of the Company, numbered 1.36 million accounts, 160,000 accounts more from March 31, 2011, and 349.7 billion yen in deposits, 126.3 billion yen more from March 31, 2011.

From July 2011, Jibun Bank increased customer convenience by enabling the use of a service for real-time settlement from Jibun Bank accounts, the "Jibun Bank Payment service," through "au one toto." Targeting individual customers, on October 11, 2011, the bank also began offering RMB-denominated foreign currency deposits via the Internet.

au Insurance Company, Limited (hereafter: "au Insurance"), established by the Company and Aioi Nissay Dowa Insurance Co., Ltd. through joint investment started its services on May 25, 2011.

In addition to offering the "My Smart Insurance (Standard Accidental Insurance)" including "¥100 Bicycle Plan" and "Leisure Plan," from November 29, 2011, au Insurance began to offer "My Smart Insurance world (Overseas Travel Insurance)," for a premium of ¥500 per day.

- Notes:
1. "Smart Value" is a registered trademark of Energy Management Corporation.
 2. "Wi-Fi" is a registered trademark of Wi-Fi Alliance®.
 3. iPhone is a trademark of Apple Inc. The trademark 'iPhone' is used with a license from Aiphone K.K.
 4. "Android" and "Google" are trademarks or registered trademarks of Google Inc.
 5. WiMAX is a trademark or a registered trademark of WiMAX Forum.
 6. "GALAXY S" is a trademark or a registered trademark of SAMSUNG ELECTRONICS Co., Ltd.
 5. MOTOROLA PHOTON and MOTOROLA XOOM are registered trademarks of Motorola Trademark Holdings, LLC.
 6. "DIGNO" is a registered trademark of Kyocera Corporation.
 8. "Windows® Phone" is a trademark or a registered trademark of Microsoft Corporation.
 9. "Felica" is a registered trademark of Sony Corporation.
 10. "Felica" is a contactless IC card technology developed by Sony Corporation.
 11. Aterm is a registered trademark of NEC Corporation.

4. Outlook for the Year ending March 31, 2013

The consolidated financial results outlook of the Companies for the year ending March 31, 2013 is as follows:

(Amount unit: Millions of yen)

	Year ended March 31, 2012	Forecast, year ending March 31, 2013	Increase (Decrease)	Increase (Decrease) %
Operating revenues	3,572,098	3,580,000	7,901	0.2
Operating income	477,647	500,000	22,352	4.7
Ordinary income	451,178	490,000	38,821	8.6
Net income	238,604	250,000	11,395	4.8

In operating revenues, lower unit sales of handsets had the effect of decreasing revenues, but the launch of au Smartvalue and au Smart Pass expanded the customer base, which had the effect of increasing revenues. Consequently, operating revenues are forecast to increase to ¥3,580,000 million on a consolidated basis.

In operating expenses, the Company is forecasting a decline in sales promotion costs due to lower unit sales of handsets. As a result, the Company is forecasting an increase in operating income, to ¥500,000 million. In ordinary income, the Company anticipates improvement in equity in profit/loss of affiliates and is forecasting an increase in ordinary income, to ¥490,000 million.

In net income, the Company anticipates impairment loss on facilities with low utilization and special losses on about ¥80,000 million in communications facilities that the Company is considering disposing of. Nonetheless, the Company is forecasting an increase in net income, to ¥250,000.

Because forecasting for the period is difficult due to volatile conditions in the telecommunications market related to competition among carriers, the Company has not prepared a forecast of consolidated business results for the six months ending September 30, 2012.

(2) Analysis on Consolidated Financial Position

1. Consolidated Financial Position

	Year ended March 31, 2011	Year ended March 31, 2012	Increase (Decrease)
Total assets	¥3,778,918M	¥4,004,009M	¥225,090M
Shareholder's equity	¥2,103,331M	¥2,060,746M	(¥42,584M)
Equity ratio	55.7%	51.5%	(4.2%)
Net assets per share	¥495,386.23	¥539,206.73	¥43,820.50
Interest-bearing debt	¥979,629M	¥1,046,754M	¥67,124M

Consolidated total assets as of March 31, 2012 amounted to ¥4,004,009 million, an increase of ¥225,090 million from March 31, 2011. This increase was primarily attributable to factors such as increase in accounts receivable-trade.

Total liabilities amounted to ¥1,875,384 million, an increase of ¥268,305 million from March 31, 2011. The major factors contributing to this increase were issuance of convertible bond-type bonds with subscription rights to shares.

As a result of these factors, the shareholders' equity ratio decline from 55.7% to 51.5%.

Interest-bearing debt as of March 31, 2012 included ¥200,916 million of convertible bond-type bonds with subscription rights to shares issued for the year ended March 31, 2012.

2. Consolidated Cash Flows

(Amount unit: Millions of yen)

	Year ended March 31 2011	Year ended March 31, 2012	Increase (Decrease)
Net cash provided by (used in) operating activities	717,353	725,886	8,532
Net cash provided by (used in) investing activities	(440,545)	(484,507)	(43,961)
Free cash flows	276,807	241,379	(35,428)
Net cash provided by (used in) financing activities	(279,998)	(225,931)	54,067
Effect of exchange rate change on cash and cash equivalents	(2,416)	(1,125)	1,291
Net increase (decrease) in cash and cash equivalents	(5,607)	14,322	19,929
Cash and cash equivalents at beginning of period	165,476	159,869	(5,607)
Cash and cash equivalents at end of period	159,869	174,191	14,322

Note Free cash flows are calculated as the sum of "net cash provided by (used in) operating activities" and "net cash provided by (used in) investing activities."

Operating activities provided net cash of ¥725,886 million largely due to ¥454,419 million of income before income taxes and minority interests, ¥417,886 million of depreciation, ¥207,033 million of increase in notes and accounts receivable-trade, ¥62,003 million of increase in accounts payable-other, ¥23,441 million of increase in notes and accounts payable-trade, ¥88,625 million of income taxes paid, and ¥33,386 million of income taxes refund, etc.

Investing activities used net cash of ¥484,507 million mainly due to ¥318,870 million for purchase of property, plant and equipment, ¥75,914 million for purchase of intangible assets, and ¥57,530 million for purchase of stocks of subsidiaries and affiliates, etc.

Financing activities provided net cash of ¥225,931 million. This includes ¥201,000 million for proceeds from issuance of convertible bond-type bonds with subscription rights to shares, ¥220,969 million for purchase of treasury stock, and ¥133,750 million for repayment of long-term loans payable, and ¥63,689 million for cash dividends paid.

The sum of cash flows from operating and investing activities showed a net outflow of ¥241,379 million, down ¥35,428 million year on year.

As a result, total amount of net cash and cash equivalents as of March 31, 2012, increased ¥14,322 million from March 31, 2011, to ¥174,191 million.

3. Cash Flows Indicators

	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2012
Shareholder's equity ratio	58.5%	53.7%	52.8%	55.7%	51.5%
Market equity ratio	94.4%	60.0%	56.4%	57.9%	51.2%
Debt repayment period (year)	1.0	1.2	1.5	1.4	1.4
Interest coverage ratio	52.7	60.6	59.7	51.1	56.3

Note:

- Equity ratio: (Total net assets – Stock acquisition rights – Minority interests) / Total assets
 - Market equity ratio: Market capitalization / Total assets
 - Debt repayment period: Interest bearing debt / Cash flows
 - Interest coverage ratio: Cash flows / Interest payments
- Market capitalization is calculated by multiplying the closing stock price at fiscal year-end by the number of shares outstanding (not including treasury stock).
 - Cash flows from operating activities in consolidated statements of cash flows are used for operating cash flows.
 - Figures for interest-bearing debt cover the amounts of loans and bonds that are recognized in consolidated balance sheets and liabilities upon which interest is paid. Further, regarding interest payments, the amount of interest expenses paid in consolidated statements of cash flows is used.

(3) Profit Distribution

Regarding the return of profits to shareholders as one of the priorities of its business management, the Company has a basic policy of continuing to pay stable dividends while maintaining financial soundness.

Regarding dividend payments for the year ended March 31, 2012, the Company has already paid an interim cash dividend of ¥7,500 per share. In order to express gratitude to its shareholders for their constant support, and in light of an overall consideration of business development aimed at improving future business results, the Company plans to pay an increased year-end cash dividend of ¥8,500 per share, up ¥1,000 year on year.

Further, for the year ending March 31, 2013, the Company plans to pay out ¥8,500 per share for both interim and year-end cash dividend, making the full-year amount ¥17,000 per share.

Going forward, the Company will work to increase the consolidated payout ratio to 25% - 30% range while considering investment for the sustainable growth remains.

(4) Business Risks

As the Companies pursue its business, there are various risks involved. The Companies take every effort to reduce these risks by preventing and hedging them.

However, there are various uncertainties which could have negative impacts on the Companies' brand image, liability, financial position and/or earnings performance such as;

- subscription growth trends out of line with the Companies expectations due to competition, rival technologies and rapid market shifts
- breach of obligations regarding communications security and protection of customer privacy
- natural disasters and accidents including earthquake, tsunami, typhoon, etc.
- revision or repeal of laws and ordinances governing telecommunications, together with related government policies
- general legal and regulatory, litigation and patents, personnel retention and training, retirement benefits, asset-impairment accounting, telecommunications sector consolidation and business restructuring in the Companies

2. The Group

The Group comprises the Company, 118 consolidated subsidiaries (Japan: 44 companies, overseas: 74 companies), and 24 affiliates (Japan: 15 companies, overseas: 9 companies). The Group's main business lines are the Mobile Business, which provides mobile communication services, sales of mobile terminals, and content business, etc., and the Fixed-line Business, which provides broadband services, domestic and international telecommunications services, data center services, and ICT solution services, etc. Affiliates include 21 equity-method affiliates (Japan: 14 companies, overseas: 7 companies).

The status of the Company, consolidated subsidiaries and affiliates within the Companies business and their relationships with segments are as shown below.

<Mobile Business>

Principal services	Major consolidated subsidiaries and affiliates	
Mobile communication services (voice and data), sales of mobile terminals, content business	domestic	The Company ■ Okinawa Cellular Telephone Company [JASDAQ] ■ KDDI Technical & Engineering Service Corporation* ■ Wire and Wireless Co., Ltd. ■ WebMoney Corporation ■ mediba corporation □ UQ Communications Inc. □ Mobaoku Co., Ltd. etc.
	overseas	■ KKBOX, Inc.

<Fixed-line Business>

Principal services	Major consolidated subsidiaries and affiliates	
Broadband services (FTTH services and cable television services, etc.), domestic and international telecommunications services, data center services, and ICT solution services	domestic	The Company ■ Japan Cablenet Holdings Limited ■ Japan Cablenet Limited ■ Chubu Telecommunications Company, Incorporated ■ Okinawa Cellular Telephone Company [JASDAQ] ■ Okinawa Telecommunication Network Co., Inc. ■ KDDI Technical & Engineering Service Corporation* ■ KDDI Web Communications Inc. □ Jupiter Telecommunications Co., Ltd. [JASDAQ] etc.
	overseas	■ KDDI America, Inc. ■ KDDI GLOBAL, LLC ■ KDDI Europe Ltd. ■ KDDI Singapore Pte. Ltd. ■ KDDI China Corporation ■ KDDI KOREA Corporation ■ Telehouse International Corp. of Europe Ltd. ■ TELEHOUSE International Corp. of America ■ DMX Technologies Group Limited [SGX] etc.

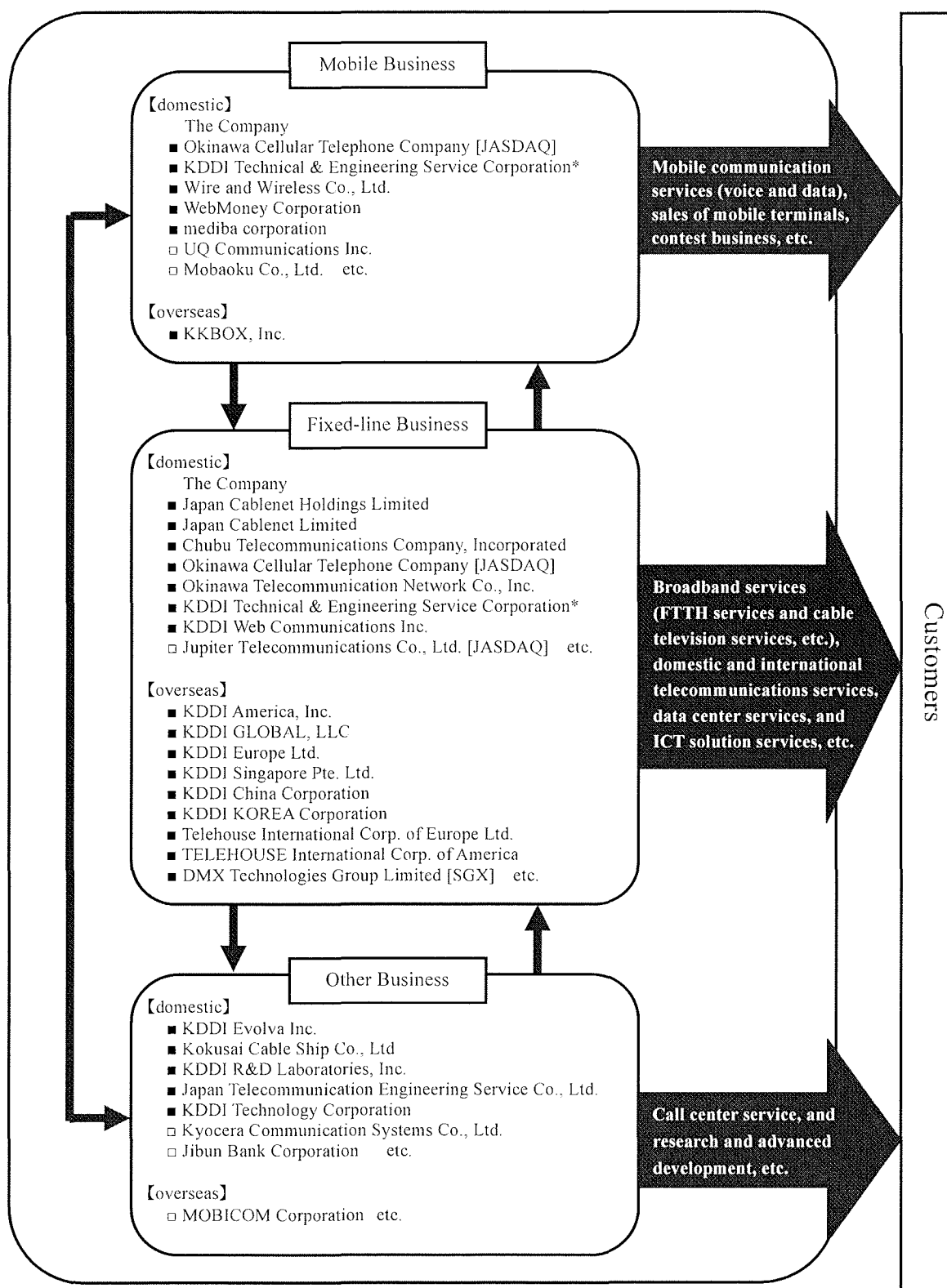
<Others>

Principal services	Major consolidated subsidiaries and affiliates	
Call center service, and research and advanced development	domestic	■ KDDI Evolva Inc. ■ Kokusai Cable Ship Co., Ltd. ■ KDDI R&D Laboratories, Inc. ■ Japan Telecommunication Engineering Service Co., Ltd. ■ KDDI Technology Corporation □ Kyocera Communication Systems Co., Ltd. □ Jibun Bank Corporation etc.
	overseas	□ MOBICOM Corporation etc.

Note: ■: consolidated subsidiaries □: equity-method affiliate

* KDDI Technical & Engineering Service Corporation changed its name to KDDI Engineering Corporation on April 1, 2012.

Business schematic diagram of corporate groups are shown as below.



Note: ■: consolidated subsidiaries □: equity-method affiliate

* KDDI Technical & Engineering Service Corporation changed its name to KDDI Engineering Corporation on April 1, 2012.

3. Management Policy

(1) Basic Management Policies

- We aim to become a company that can provide excitement, safety, happiness and smiles of gratitude to people in the world by offering highly credible networks and value-added products and services.
- The Companies will advance total customer satisfaction (TCS) initiatives that will heighten the level of satisfaction among all stakeholders.
- The Companies will emphasize cash flows and work to become a company that is attractive to its shareholders and other investors.
- The Companies will work to establish an even sounder financial position by making efficient capital investments and reducing various expenses rigorously.
- To step up information security, we are working to ensure thorough information management and compliance and reinforcing our risk management structure.
- The Companies will actively implement activities to preserve the environment—including energy saving, resource saving, recycling, and green purchasing—in order to emphasize harmony with the global environment and create a rich society that is fully in accord with human nature.
- The Companies will actively contribute to the development of a rich communications-based society in adherence with the overriding goal of its corporate social responsibility initiatives, which seek to support social and economic activities in all areas by providing secure and convenient telecommunications services.

(2) Medium-to Long-term Management Strategies, Targeted Management Indicators, and Important Issues

We will promote our mission as a telecommunication company that supports a lifeline through construction of telecommunication infrastructure network that can be recovered in case of major natural disasters, and creation of BCP upon the experiences of the Great East Japan Earthquake.

In regard to five major accidents occurring in the period from April 2011 to February 2012, the Company has been directed by the Ministry of Internal Affairs and Communications and by a MIC liaison committee to rapidly formulate rigorous countermeasures, including recurrence prevention countermeasures, and to report on the results of their implementation and future initiatives. The Company established an investigative committee, which is led by the president, and targeting the prevention of a recurrence, implemented a complete overhaul, formulated improvement measures, and implemented them.

The Company expresses its sincere apologies for causing trouble and concern for customers and related parties as a result of this series of accidents, and to provide a comfortable communications environment for customers, the Company will continue to implement countermeasures to further increase reliability.

The Companies have formalized “three commitments” to respond quickly to changes in the operating environment, while at the same time growing sustainably and taking the lead in meeting emerging needs.

- **“More connected”** -- We will aim to achieve multi-network connectivity by organically linking networks owned by the Companies, including mobile phone, FTTH, CATV and WiMAX networks, and various devices. We will also provide a high-speed communication environment and attractive content optimized for multi-device access. At the same time, the Company will enable multi-use services tailored to individual customer preferences, thereby making ourselves “more connected” to customer.
- **“More diverse values”** -- The ongoing proliferation of Internet technologies, led by IP connectivity, are spawning ICT needs in a broadening host of fields, including medicine, health, education, government and the environment. By taking a more active part in various corporate initiatives and lifestyle aspects, the Companies offer further value to customers.
- **“More global”** -- Overseas, many countries are experiencing robust economic growth. Meanwhile, Internet diffusion in numerous emerging markets continues to lag. The Companies are working to meet the needs of markets around the world by developing communication-related businesses tailored to individual countries’ cultural and socioeconomic conditions, and is working toward global information and telecommunication technology (ICT) and building communication environments to this end.

To realize these visions, we will advance the full-scale implementation of the 3M strategy (Multi-network, Multi-device, Multi-use), which will enable customers to select a device that meets their own preferences and to enjoy a variety of content through an optimal network that can be used anytime and anywhere.

Under the Smart Passport Concept, which is phase 1 of the 3M Strategy, “au Smart Pass” and “au Smartvalue” were launched in March 2012 and have earned the satisfaction of many customers. Targeting increases in customer value by leveraging the 3M strategy as one of our strengths, in the future we will continue to enhance networks, handsets, and service.

In addition, from the year ending March 31, 2013, the segments have been reorganized from the previous categories of Mobile Business and Fixed-line Business. The four new segments have been determined in accordance with the management approach, reflecting the units for which management resources are allocated and financial results are evaluated.

< Personal Services >

With the Smart Passport Concept as its core strategy, through “au Smartvalue” the segment will work to expand sales of the Companies’ FTTH services—“au HIKARI,” “Commuf@-hikari,” and “au HIKARI Chura.” In addition, the segment will strengthen its relationships with CATV companies and electric-power related communications companies. The segment will also work to expand the au customer base, achieve gains in revenues and profits, and maximize the number of FMC IDs* x FMC ARPU.

Moving forward, the segment will work to develop an extensive handset lineup, including smartphones with communications functions that have been enhanced, such as through the addition of functions that are standard in Japan; high-speed smartphones utilizing au + WiMAX; Wi-Fi routers and other data communications devices; and tablets. In addition, the segment will work to develop and provide innovative new services and new content and work to expand service areas and further increase communications quality. The segment will also strive to provide a comfortable communications environment, at higher speeds than were previously possible, through the introduction of LTE.

* Number of IDs for subscribers to both fixed-line and mobile.

< Value Services >

The Value Services segment will continue to provide cloud-based content services, centered on entertainment services. These will be linked with “au Smart Pass,” for multiple devices and multiple operating systems. At the same time, by establishing a service platform, moving toward more open services, and nurturing startup companies, the segment will work to increase the appeal of these services and achieve linked acquisitions of service subscriptions. In this way, the segment will strive to maximize Value ARPU.

< Business Services >

The Business Services segment will develop the “KDDI MULTI CLOUD” brand for corporate customers, provide cloud solutions that seamlessly integrate across the range from smartphones and tablets to networks, data centers, and applications, and propose work style reforms to customers. In addition, through the provision of “Smartvalue for Business,” 3M services for small and medium-sized companies, the segment will strive to increase the number of KDDI customers.

< Global Services >

In addition to expanding “TELEHOUSE” data centers, the Global Services segment will strengthen its system for the one-stop provision to customers of optimal, high-value-added ICT solutions through the utilization of the services of consolidated subsidiaries CDNetworks and DMX. In addition, the segment will work to expand its customer base, including non-Japanese companies. In addition, the segment will also work aggressively to expand consumer businesses, such as Internet broadband operations in emerging countries and MVNO operations in the U.S.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Amount unit: Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Assets		
Noncurrent assets		
Noncurrent assets-telecommunications business		
Property, plant and equipment		
Machinery ⁴	2,653,301	2,755,669
Accumulated depreciation	(2,024,885)	(2,174,551)
Machinery, net	628,415	581,117
Antenna facilities	593,481	623,595
Accumulated depreciation	(240,019)	(275,285)
Antenna facilities, net	353,461	348,310
Local line facilities ⁴	354,061	376,392
Accumulated depreciation	(228,849)	(245,619)
Local line facilities, net	125,212	130,772
Long-distance line facilities	106,804	104,491
Accumulated depreciation	(96,802)	(99,010)
Long-distance line facilities, net	10,002	5,480
Engineering facilities ⁴	64,175	64,422
Accumulated depreciation	(36,977)	(38,692)
Engineering facilities, net	27,198	25,730
Submarine line facilities ⁴	55,103	52,390
Accumulated depreciation	(45,567)	(45,870)
Submarine line facilities, net	9,536	6,519
Buildings ⁴	421,992	426,503
Accumulated depreciation	(207,774)	(221,118)
Buildings, net	214,217	205,384
Structures	79,377	80,587
Accumulated depreciation	(46,931)	(49,599)
Structures, net	32,446	30,987
Land	242,197	249,239
Construction in progress	75,236	132,822
Other tangible Assets ⁴	116,963	123,860
Accumulated depreciation	(82,776)	(92,270)
Other tangible assets, net	34,187	31,589
Total property, plant and equipment ¹	1,752,112	1,747,955
Intangible assets		
Right of using facilities	9,120	10,577
Software	191,719	175,084
Goodwill	17,563	22,331
Other intangible assets	10,223	10,369
Total intangible assets	228,626	218,361
Total noncurrent assets-telecommunications business	1,980,738	1,966,317
Incidental business facilities		
Property, plant and equipment		
Property, plant and equipment	231,868	259,155
Accumulated depreciation	(111,158)	(123,384)
Property, plant and equipment, net	120,709	135,770
Total property, plant and equipment ¹	120,709	135,770

(Amount unit: Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Intangible assets		
Total intangible assets ¹	62,301	91,664
Total noncurrent assets-incidental business	183,010	227,435
Investments and other assets		
Investment securities ⁴	73,898	86,614
Stocks of subsidiaries and affiliates ²	356,887	351,815
Investments in capital of subsidiaries and affiliates ²	182	185
Long-term prepaid expenses	82,240	91,272
Deferred tax assets	128,686	104,829
Other investment and other assets ⁴	49,278	47,777
Allowance for doubtful accounts	(8,103)	(9,120)
Total investments and other assets	683,069	673,373
Total noncurrent assets	2,846,819	2,867,126
Current assets		
Cash and deposits ⁴	136,921	100,037
Notes and accounts receivable-trade ⁴	573,508	760,890
Accounts receivable-other	68,190	66,286
Short-term investment securities	25,201	80,188
Supplies ⁴	58,352	65,232
Deferred tax assets	64,079	57,781
Other current assets ⁴	19,612	21,427
Allowance for doubtful accounts	(13,767)	(14,960)
Total current assets	932,098	1,136,882
Total assets	3,778,918	4,004,009
Liabilities		
Noncurrent liabilities		
Bonds payable ⁴	414,978	349,991
Convertible bond-type bonds with subscription rights to shares	-	200,916
Long-term loans payable ⁴	414,187	301,286
Provision for retirement benefits	18,656	18,743
Provision for point card certificates	85,197	91,453
Other noncurrent liabilities	66,780	72,342
Total noncurrent liabilities	999,800	1,034,733
Current liabilities		
Current portion of noncurrent liabilities ⁴	138,799	184,112
Notes and accounts payable-trade ⁴	65,598	90,661
Short-term loans payable ⁴	1,304	1,486
Accounts payable-other	192,402	273,119
Accrued expenses	14,253	20,370
Income taxes payable	57,764	149,773
Advances received	72,437	63,937
Provision for bonuses	19,519	20,077
Provision for loss on the Great East Japan Earthquake	16,282	1,992
Other current liabilities	28,913	35,119
Total current liabilities	607,278	840,650
Total liabilities	1,607,078	1,875,384

(Amount unit: Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Net assets		
Shareholders' equity		
Capital stock	141,851	141,851
Capital surplus	367,091	367,104
Retained earnings	1,704,170	1,879,087
Treasury stock	(125,244)	(346,163)
Total shareholders' equity	2,087,869	2,041,879
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	28,612	36,442
Deferred gains or losses on hedges	32	(676)
Foreign currency translation adjustment	(13,182)	(16,899)
Total accumulated other comprehensive income	15,461	18,866
Subscription rights to shares	1,504	1,128
Minority interests	67,002	66,749
Total net assets	2,171,839	2,128,624
Total liabilities and net assets	3,778,918	4,004,009

(2) Consolidated Statements of (Comprehensive) Income
(Consolidated Statements of Income)

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Operating income and loss from telecommunications		
Operating revenue		
Total operating revenue	2,489,403	2,394,135
Operating expenses		
Business expenses	653,017	667,748
Operating expenses	117	51
Facilities maintenance expenses	305,697	301,304
Common expenses	2,297	2,605
Administrative expenses	70,927	71,210
Experiment and research expenses	8,866	7,676
Depreciation	423,447	389,007
Noncurrent assets retirement cost	18,540	16,226
Communication facility fee	362,480	347,227
Taxes and dues	39,500	41,731
Total operating expenses ¹	1,884,891	1,844,791
Net operating income from telecommunication	604,511	549,344
Operating income and loss from incidental business		
Operating revenue	945,142	1,177,962
Operating expenses ¹	1,077,742	1,249,658
Net operating loss from incidental business	(132,599)	(71,696)
Operating income	471,911	477,647
Non-operating income		
Interest income	640	965
Dividends income	1,527	1,719
Gain on investments in silent partnership	978	654
Miscellaneous income	6,888	9,975
Total non-operating income	10,034	13,315
Non-operating expenses		
Interest expenses	14,160	12,891
Equity in losses of affiliates	19,948	18,297
Miscellaneous expenses	7,159	8,595
Total non-operating expenses	41,269	39,785
Ordinary income	440,676	451,178
Extraordinary income		
Gain on sales of noncurrent assets ²	1,314	170
Gain on sales of investment securities	5,618	137
Gain on negative goodwill	534	235
Gain on reversal of subscription rights to shares	450	493
Gain on transfer from business divestitures	-	3,615
Dividends due to liquidation of silent partnership contract	-	6,976
Reversal of provision for loss on the Great East Japan Earthquake	-	6,814
Total extraordinary income	7,918	18,442

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Extraordinary loss		
Loss on sales of noncurrent assets ³	-	676
Impairment loss ³	52,141	9,946
Loss on retirement of noncurrent assets ⁵	31,816	-
Loss on valuation of investment securities	368	504
Loss on sales of stocks of subsidiaries and affiliates	176	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,242	-
Loss on the Great East Japan Earthquake ⁶	17,590	4,073
Total extraordinary losses	103,335	15,201
Income before income taxes and minority interests	345,259	454,419
Income taxes-current	102,617	177,278
Income taxes-deferred	(21,380)	30,282
Total income taxes	81,237	207,560
Income before minority interests	264,022	246,858
Minority interests in income	8,900	8,254
Net income	255,122	238,604

(2) Consolidated Statements of (Comprehensive) Income
(Consolidated Statements of Comprehensive Income)

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Income before minority interests	264,022	246,858
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,678)	7,190
Foreign currency translation adjustment	(7,496)	(3,640)
Share of other comprehensive income of associates accounted for using equity method	(17)	(898)
Total other comprehensive income ²	(13,192)	2,651
Comprehensive income ¹	250,829	249,510
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	243,508	242,009
Comprehensive income attributable to minority interests	7,321	7,500

(3) Consolidated Statements of Changes in Net Assets

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Shareholders' equity		
Capital stock		
Balance at the end of previous period	141,851	141,851
Balance at the end of current period	141,851	141,851
Capital surplus		
Balance at the end of previous period	367,091	367,091
Changes of items during the period		
Disposal of treasury stock	-	12
Total changes of items during the period	-	12
Balance at the end of current period	367,091	367,104
Retained earnings		
Balance at the end of previous period	1,506,951	1,704,170
Changes of items during the period		
Dividends from surplus	(57,903)	(63,687)
Net income	255,122	238,604
Total changes of items during the period	197,218	174,917
Balance at the end of current period	1,704,170	1,879,087
Treasury stock		
Balance at the end of previous period	(25,244)	(125,244)
Changes of items during the period		
Purchase of treasury stock	(99,999)	(220,969)
Disposal of treasury stock	-	50
Total changes of items during the period	(99,999)	(220,919)
Balance at the end of current period	(125,244)	(346,163)
Total shareholders' equity		
Balance at the end of previous period	1,990,650	2,087,869
Changes of items during the period		
Dividends from surplus	(57,903)	(63,687)
Net income	255,122	238,604
Purchase of treasury stock	(99,999)	(220,969)
Disposal of treasury stock	-	62
Total changes of items during the period	97,218	(45,989)
Balance at the end of current period	2,087,869	2,041,879

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	34,326	28,612
Changes of items during the period		
Net changes of items other than shareholders' equity	(5,714)	7,830
Total changes of items during the period	(5,714)	7,830
Balance at the end of current period	28,612	36,442
Deferred gains or losses on hedges		
Balance at the end of previous period	-	32
Changes of items during the period		
Net changes of items other than shareholders' equity	32	(708)
Total changes of items during the period	32	(708)
Balance at the end of current period	32	(676)
Foreign currency translation adjustment		
Balance at the end of previous period	(7,250)	(13,182)
Changes of items during the period		
Net changes of items other than shareholders' equity	(5,932)	(3,716)
Total changes of items during the period	(5,932)	(3,716)
Balance at the end of current period	(13,182)	(16,899)
Total accumulated other comprehensive income		
Balance at the end of previous period	27,076	15,461
Changes of items during the period		
Net changes of items other than shareholders' equity	(11,614)	3,404
Total changes of items during the period	(11,614)	3,404
Balance at the end of current period	15,461	18,866
Subscription rights to shares		
Balance at the end of previous period	1,606	1,504
Changes of items during the period		
Net changes of items other than shareholders' equity	(101)	(376)
Total changes of items during the period	(101)	(376)
Balance at the end of current period	1,504	1,128
Minority interests		
Balance at the end of previous period	59,117	67,002
Changes of items during the period		
Net changes of items other than shareholders' equity	7,885	(253)
Total changes of items during the period	7,885	(253)
Balance at the end of current period	67,002	66,749
Total net assets		
Balance at the end of previous period	2,078,450	2,171,839
Changes of items during the period		
Dividends from surplus	(57,903)	(63,687)
Net income	255,122	238,604
Purchase of treasury stock	(99,999)	(220,969)
Disposal of treasury stock	-	62
Net changes of items other than shareholders' equity	(3,830)	2,775
Total changes of items during the period	93,388	(43,214)
Balance at the end of current period	2,171,839	2,128,624

(4) Consolidated Statements of Cash Flows

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	345,259	454,419
Depreciation and amortization	449,318	417,886
Impairment loss	52,141	9,946
Amortization of goodwill	11,373	14,275
Gain on negative goodwill	(534)	(235)
Loss (gain) on sales of noncurrent assets	(1,280)	506
Loss on retirement of noncurrent assets	15,467	12,964
Increase (decrease) in provision for loss on the Great East Japan Earthquake	16,282	(14,290)
Gain on transfer from business divestitures	-	(3,615)
Dividends due to liquidation of silent partnership contract	-	(6,976)
Increase (decrease) in allowance for doubtful accounts	(246)	1,494
Increase (decrease) in provision for retirement benefits	40	(36)
Interest and dividends income	(2,167)	(2,685)
Interest expenses	14,160	12,891
Equity in (earnings) losses of affiliates	19,948	18,297
Loss (gain) on sales of stocks of subsidiaries and affiliates	176	-
Loss (gain) on valuation of investment securities	368	511
Increase (decrease) in provision for point card certificates	6,504	6,255
Decrease (increase) in prepaid pension costs	1,586	1,738
Decrease (increase) in prepaid expenses	(1,639)	(4,734)
Decrease (increase) in notes and accounts receivable-trade	(31,577)	(207,033)
Decrease (increase) in inventories	(9,344)	(6,945)
Increase (decrease) in notes and accounts payable-trade	(754)	23,441
Increase (decrease) in accounts payable-other	(12,131)	62,003
Increase (decrease) in accrued expenses	(799)	5,014
Increase (decrease) in advances received	(238)	(10,356)
Other, net	(4,210)	508
Subtotal	867,701	785,247
Interest and dividends income received	7,578	8,761
Interest expenses paid	(14,049)	(12,882)
Income taxes paid	(143,876)	(88,625)
Income taxes refund	-	33,386
Net cash provided by (used in) operating activities	717,353	725,886

(Amount Unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment ²	(346,112)	(318,870)
Purchase of trust beneficiary right	-	(14,993)
Proceeds from sales of property, plant and equipment	1,535	530
Purchase of intangible assets	(76,045)	(75,914)
Purchase of investment securities	(1,417)	(1,961)
Proceeds from sales of investment securities	15,789	3,424
Payments for business divestitures	-	(1,000)
Purchase of stocks of subsidiaries and affiliates	(3,890)	(25,741)
Purchase of investments in subsidiaries and affiliates resulting in change in scope of consolidation	(5,398)	(31,788)
Proceeds from purchase of investments in subsidiaries and affiliates resulting in change in scope of consolidation	-	831
Payments for sales of investments in subsidiaries and affiliates resulting in change in scope of consolidation	(904)	-
Proceeds from repayment of investment and dividends due to liquidation of silent partnership contract	-	7,703
Purchase of long-term prepaid expenses	(22,398)	(26,801)
Other, net	(1,705)	74
Net cash provided by (used in) investing activities	(440,545)	(484,507)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(99,714)	(1,019)
Proceeds from long-term loans payable	50,000	-
Repayment of long-term loans payable	(24,753)	(133,750)
Proceeds from issuance of bonds	40,000	-
Proceeds from issuance of convertible bond-type bonds with subscription rights to shares	-	201,000
Redemption of bonds	(83,000)	-
Purchase of treasury stock	(99,999)	(220,969)
Cash dividends paid	(57,903)	(63,689)
Cash dividends paid to minority shareholders	(1,083)	(1,192)
Proceeds from stock issuance to minority shareholders	1,867	10
Other, net	(5,411)	(6,320)
Net cash provided by (used in) financing activities	(279,998)	(225,931)
Effect of exchange rate change on cash and cash equivalents	(2,416)	(1,125)
Net increase (decrease) in cash and cash equivalents	(5,607)	14,322
Cash and cash equivalents at beginning of period ¹	165,476	159,869
Cash and cash equivalents at end of period ¹	159,869	174,191

(5) Going Concern Assumption

None

(6) Basis of Presenting Consolidated Financial Statements

1. Scope of consolidation

a) Number of consolidated subsidiaries: 118

b) Major consolidated subsidiaries:

Okinawa Cellular Telephone Company, KDDI Technical & Engineering Service Corporation*, KDDI Evolva Inc, Japan Cablenet Limited, Chubu Telecommunications Co., Inc., KDDI R&D Laboratories, Inc., KDDI AMERICA Inc., KDDI Europe Ltd., TELEHOUSE International Corp. of America Ltd., Telehouse International Corp. of Europe Ltd., KDDI China Corporation, DMX Technologies Group Limited, KDDI KOREA Corporation, KDDI Singapore Pte Ltd.

*KDDI Technical & Engineering Service Corporation**changed its name to KDDI Engineering Corporation on April 1, 2012.

(Added) •• 16 companies due to stock acquisition
HKCOLO. NET Limited, WebMoney Corporation, Evolva Business Support Inc., Nobot Inc., CDNetworks Co., Ltd. and its 9 subsidiaries, Telehouse Deutschland GmbH, Kleyer Real Estate
•• 1 company due to additional purchase of owned shares
Japan Internet Exchange Co., Ltd.
•• 3 companies due to new establishment
KKBOX International Limited, TELEHOUSE BEIJING BDA Co., Ltd, KDDI Open Innovation Fund L.P.

(Removed) •• 5 companies due to liquidation
KDDI International Holdings, LLC, KDDI International Holdings2, LLC, KDDI International Holdings3, LLC, KDDI Global Media, LP, MediaFLO Broadcast Planning Incorporated
•• 2 companies due to merger
Kawagoe Cable Vision Co., Ltd.: merged by JCN KANTO LIMITED
KMN Corporation: merged by CABLE TELEVISION TOKYO, LTD.

c) Special purpose companies

1) Overview of special purpose companies and transactions made through such companies

The Company has securitized real estate in order to improve its financial position by reducing interest-bearing debt. This securitization was conducted using special purpose companies ("SPCs"), a particular type of limited liability company.

In this securitization, the Company leased back the real estate that was transferred.

As of November 30, 2011, the Company acquired beneficial interest in trust on land, buildings, etc., from Aobadai Estate Y.K., which is a special purpose company. Accompanying this acquisition, the anonymous association contract as the operator of the related SPC was terminated, and the Company, which was an investor in this association, received dividends accompanying the termination of the anonymous association contract. The investment in the anonymous association was settled in December 2011.

2) Transaction amounts with SPCs during the year ended March 31, 2012

(Amount unit: Millions of yen)

	Major transaction amounts for the year ended March 31, 2012 and balance as of March 31, 2012	Major income and loss	
		Items	Amounts
Acquired properties ¹	14,993	-	-
Long-term accounts receivable	-	-	-
Investments by anonymous association	-	Dividend Dividends due to liquidation of silent partnership contract	654 6,976
Lease transaction	-	Lease payments ²	1,112

Note 1: Transaction amounts related to the acquired properties are represented as the acquisition cost.

Note 2: The Company paid rent from April 1, 2011 to November 30, 2011 for the year ended March 31, 2012.

2. Equity method affiliate

a) Number of equity method affiliate: 21

b) Major equity method affiliates

Jupiter Telecommunications Co., Ltd., Kyocera Communication Systems Co., Ltd.,
UQ Communications Inc., TEPCO OPTICAL NETWORK ENGINEERING INC.,
Jibun Bank Corporation, Mobaoku Co., Ltd., MOBICOM Corporation

(Added) •• 2 companies due to stock acquisition

Branddialog, Inc., Alliance Internet Co., Ltd.

(Removed) •• 1 company due to additional purchase, resulting in subsidiary
Japan Internet Exchange Co., Ltd.

c) Non equity method affiliates (CJSC Vostoktelecom etc.) are not included within the scope of the equity method because they are insignificant and their net incomes and retained earnings (the amounts equivalent to the Company's interest in the companies) do not significantly affect consolidated financial statements.

d) For equity method companies with the fiscal year end that differ from the consolidated fiscal year end, the financial statements for the fiscal year of each company are used.

3. Fiscal year of consolidated subsidiaries

Among consolidated subsidiaries, the fiscal year end of 74 companies, including KDDI AMERICA Inc, KDDI Europe Ltd., is December 31 of each year. For the preparation of consolidated financial statements, the Company uses financial statements as of December 31 and makes adjustments as necessary for consolidation in relation to significant transactions during their year-end date and the consolidated year-end date.

4. Accounting policies

a) Valuation standards and methods for major assets

1) Securities

Bonds intended to be held to maturity: amortized cost method (straight-line method)

Other securities

a): Other securities for which market quotations are available are stated at fair value prevailing at the balance sheet date with unrealized gains and losses, directly included in net assets. The cost of securities sold is determined by the moving-average method.

b): Other securities for which market quotations are not available are valued at cost mainly determined by the moving-average method.

Supplies

b) Depreciation and amortization for major assets

The Company:

Machinery: declining-balance method

Consolidated subsidiaries:

Mainly straight-line method

Machinery: 9 years

Software for internal use is amortized under the straight-line method over the expected useful lives (5 years).

Leased assets related to financial leases that do not transfer ownership rights to the lessees are amortized under the straight-line method based on the lease term as the useful life and residual value of zero.

c) Deferred assets

d) Significant allowances

To prepare for uncollectible credits, general allowance is recorded based on the actual bad debt ratio, and specific allowance is recorded based on the amount deemed to be uncollectible considering the collectibility.

The amount for employee retirement benefits at March 31, 2011 is based on the estimated value of benefit obligations, plan assets and retirement benefit trust assets at March 31, 2011.

Prior service cost is amortized on a straight-line basis over the average remaining service life of employees (14 years) in the year in which it arises and unrecognized actuarial differences are amortized on a straight-line basis over the average remaining service life of employees (14 years) from the year following that in which they arise.

In order to prepare for the future cost generating from the utilization of points that customers have earned under the point services such as “au Point Program,” based on its past experience, the Company reserves an amount considered appropriate to cover possible utilization of the points during or after the next consolidated fiscal year.

To allow for the payment of bonuses to employees, the Company records the standard for estimated amounts of bonuses to be paid.

Amount for recovery of assets damaged by the Great East Japan Earthquake that occurred on March 11, 2011 has been estimated.

- e) Foreign currency transaction
All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are included in net profit or loss for the period.
All assets and liabilities of foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Revenues and expenses for the year are translated into Japanese yen at the average exchange rate during the year and translation adjustments are included in "Foreign currency translation adjustments" and "Minority interests" of "Net assets."
- f) Amortization of goodwill
Goodwill is amortized under the straight-line method over a period of 5 to 20 years. However, minimal amounts of goodwill is recognized as expenses or gains for the year ended March 31, 2012.
- g) Cash and cash equivalents in the consolidated cash flow statements
Cash and cash equivalents are composed of cash on hand, bank deposits able to be withdrawn on demand and short-term highly liquid investments with a maturity of three months or less at the time of purchase and which bear lower risks from fluctuations in value.
- h) Others
Accounting method for consumption taxes
Consumption taxes are accounted for using the net method of reporting.

(7) Changes in Accounting Policies

From the year ended March 31, 2012, we have applied the "Accounting Standard for Earning Per Share" (Accounting Standards Board of Japan [ASBJ] Statement No.2 of June 30, 2010), the "Guidance on Accounting Standard for Earning Per Share" (ASBJ Guidance No.4 of June 30, 2010), and the "Practical Solution on Accounting for Earnings Per Share" (ASBJ PITF No.9 of June 30, 2010).

To calculate diluted net income per share, we have changed the method to include potential services offered by the employees in the fair valuation of stock options of payment when exercising the right regarding stock options whose rights are secured after certain period of employment.

Information about the influence of this change is included in the "Per Share Information" section.

(8) Changes in Presentation

(Consolidated Balance Sheets)

"Income taxes receivable" listed in the year ended March 31, 2011 has been included in "Accounts receivable-other" as it has become less significant from the year ended March 31, 2012.

As a result, ¥32,703 million that was recorded as income taxes receivable on the consolidated balance sheets in the previous fiscal year has been included in accounts receivable-other.

(9) Changes in Accounting Estimates

Since August 2006, the Company and Okinawa Cellular Telephone Company have offered a service enables users to carry-over unused talk time. The service allows a specified amount of the free talk time that is included in the basic monthly rate to be carried-over indefinitely.

The Company and Okinawa Cellular Telephone Company have estimated the amount of each month's unused free talk time that is expected to be used in the future, deferred the recognition of that amount as revenue, and recorded that amount in the advances received account. However, from this consolidated fiscal year, a sufficient quantity of historical results for the estimation of the amount of unused free talk time that is expected to lapse in the future has been accumulated, and more detailed estimates of that amount have become possible. Accordingly, the amount of unused free talk time that is expected to lapse in the future is deducted from the amount of deferred revenue.

As a result, from this fiscal year, this change has had the effect of increasing revenues from telecommunications business, operating income, ordinary income, and net income by ¥10,361 million.

(10) Additional Information

(Application of the "Accounting Standard for Accounting Changes and Error Corrections" and others)

For the accounting changes and error corrections made in after the beginning of the year ending March 31, 2012, we have applied the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No.24 of December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24 of December 4, 2009).

(11) Notes for Consolidated Financial Statements

Consolidated financial statements of the Company are prepared under the “Regulations concerning the terms, forms and preparation methods for quarterly consolidated financial statements” (Ministry of Finance Ordinance No. 28, 1976, herein after “Regulations for consolidated financial statements”), and in accordance with these regulations and the “Rules for telecommunications business accounting” (Ministry of Posts and Telecommunications Ordinance No. 26, 1985).

(Consolidated Balance Sheets)

Note 1: Reduction entry amount of noncurrent assets

	As of March 31, 2011	As of March 31, 2012
Reduction entry amount due to contribution for construction	¥1,217M	¥158M
(cumulative total)	¥18,116M	¥16,862M

Note 2: Notes relating to affiliates

The amounts that relate to subsidiaries and affiliates and that are included in respective items are as follows.

	As of March 31, 2011	As of March 31, 2012
Stocks of subsidiaries and affiliates	¥356,887M	¥351,815M
(of which investment in jointly controlled entities)	¥659M	¥687M
Investments in capital of subsidiaries and affiliates	¥182M	¥185M

Note 3: Contingent liabilities

	As of March 31, 2011	As of March 31, 2012
(1) Guarantor liabilities, etc.		
[As a guarantor for loan of:]		
UQ Communications Inc. and others	¥118,873M	¥156,935M
(liabilities denominated in foreign currencies included)	-	KW2,000M
(2) Contingent liabilities existing in cable system supply contract	¥4,157M	¥4,109M
(liabilities denominated in foreign currencies included)	US\$50M	US\$50M
(3) Contingent liabilities resulting from the liquidation of Minex Corp. (liabilities denominated in foreign currencies included)	¥479M	¥377M
	US\$5M	US\$4M
(4) Contingent liabilities for notes receivable-trade discounted	-	¥297M
(liabilities denominated in foreign currencies included)	-	US\$3M

Note 4: Assets pledged as collateral and liabilities with collateral:

(The Company)

In compliance with the provisions of Article 4 of the Supplementary Provisions to the Law Concerning the Rationalization of Regulations in the Telecommunications Field, the total assets of the Company have been pledged as general collateral for corporate bonds issued.

	As of March 31, 2011	As of March 31, 2012
Bonds	¥20,000M	¥20,000M

(Consolidated subsidiaries)

In accordance with Article 14, Paragraph 1 of the Act on Settlement of Funds, assets held in trust as security deposits are as follows.

	As of March 31, 2011	As of March 31, 2012
Investment securities	-	¥3,005M
Cash and deposits	-	¥2,000M

Assets pledged as collateral

	As of March 31, 2011	As of March 31, 2012
Machinery	¥535M	¥387M
Local line facilities	¥470M	¥319M
Engineering facilities	¥19M	¥18M
Submarine line facilities	¥10M	¥6M
Buildings	¥189M	¥164M
Other tangible assets	¥112M	¥76M
Investment securities	¥571M	¥694M
Other investments and other assets	¥92M	¥171M
Cash and deposits	-	¥877M
Short-term investment securities	¥201M	¥188M
Total	¥2,203M	¥2,904M
(assets denominated in foreign currencies included)	US\$10M	US\$11M

Corresponding liabilities

Long-term loans payable	¥1,599M	¥1,224M
Current portion of noncurrent liabilities	¥450M	¥372M
Notes and accounts payable-trade	¥6M	¥32M
Short-term loans payable	¥1,304M	¥1,485M
Total	¥3,360M	¥3,114M
(liabilities denominated in foreign currencies included)	US\$17M	US\$20M

(Consolidated Statements of Income)

Note 1: Operating expenses include research and development expenses

Year ended March 31, 2011	Year ended March 31, 2012
¥33,263M	¥32,855M

Note 2: Gain on sales of noncurrent assets

	Year ended March 31, 2011	Year ended March 31, 2012
Gain on sales of real estate which accompanied sales of idle land	¥1,105M	¥62M
Gain on sales of other facilities	¥209M	¥107M
Total	¥1,314M	¥170M

Note 3: Gain on reversal of provision for loss on the Great East Japan Earthquake

Due to reevaluation, etc., of the details and scope of repairs accompanying the progress of on-site investigations and restoration work on the disaster-stricken region, this estimate has been changed, and the provision has been reversed in the amount of ¥6,814 million.

Note 4: Loss on sales of noncurrent assets

	Year ended March 31, 2011	Year ended March 31, 2012
Loss on disposal of real estate accompanying disposal of land, etc.	-	¥597M
Loss on disposal of other facilities, etc.	-	¥79M
Total	-	¥676M

Note 5: Impairment loss

The Companies mainly recognized impairment loss for the following assets and asset groups.

For the year ended March 31, 2011

Location	Usage for	Type	Impairment loss amount
The Company, etc. Facility used for current 800MHz band (Tokyo, Nagoya, Osaka, etc.)	Telecommunications business	Machinery, etc.	¥13,079M
The Company Domestic transmission line facilities, idle assets, etc. (Tokyo, etc.)	Telecommunications business	Local line facilities, Engineering facilities, etc.	¥17,471M
The Company Facility used for legacy service (Tokyo, etc.)	Telecommunications business	Machinery, local line facilities, etc.	¥21,209M

The Companies calculate impairment losses by grouping assets based on minimum units that have identifiable cash flows essentially independent from the cash flows of other assets or groups of assets.

The use of the facility for current 800MHz band will be discontinued from July 2012 due to a reorganization of frequencies, while transfer of mobile handsets to new frequency band is being promoted. Recognizing the downward trend in subscribers using handsets compatible with such equipments, the book value of those assets was written down to the amount deemed recoverable, resulting in an extraordinary loss on asset impairment of ¥13,079 million. Of which, ¥12,373 million comes from machineries and ¥705 million from others. The recoverable value of these assets for the Companies was estimated based on the usage value, and calculated based on a future cash flow discount rate of 5.54%.

In the year ended March 31, 2011, for domestic transmission system with declining utilization rates and idle assets, the book value has been reduced to recoverable value. The said reduction is recognized as impairment loss of ¥17,471 million in extraordinary loss. This consists of ¥10,687 million for local line facilities, ¥4,485 million for engineering facilities and ¥2,298 million for others.

Further, the recoverable amount for the said assets is estimated based on the net selling price. The calculation of

market value is based on appraised value and other factors, with the value of assets that are difficult to sell or convert to other uses set at ¥0.

Due to the worsening market environment and the downward trend in the subscribers of a part of legacy services in the Fixed-line Business during the year ended March 31, 2011, the Company set up a cash management system for cash flows generated by such equipment, and pooled those assets into an independent asset grouping.

Recognizing the worsening market environment and the downward trend in the subscribers, the book value of those assets was written down to the amount deemed recoverable, resulting in an extraordinary loss on asset impairment of ¥21,209 million. Of which, ¥10,468 million comes for machineries, ¥7,753 million for local line facilities, and ¥2,987 million for others.

In addition, impairment loss of ¥380 million on business assets in certain subsidiaries was recognized in extraordinary loss. This consists of ¥95 million for long-distance line facilities, ¥84 million for buildings, ¥79 million for machinery, ¥77 million for local line facilities, and ¥44 million for others.

For the year ended March 31, 2012

Location	Usage for	Type	Impairment loss amount
The Company Domestic transmission line facilities, idle assets, etc. (Tokyo, etc.)	Telecommunications business	Local line facilities, Long-distance line facilities, etc.	¥8,515M

The Companies calculate impairment losses by grouping assets based on minimum units that have identifiable cash flows essentially independent from the cash flows of other assets or groups of assets.

In the year ended March 31, 2012, for domestic transmission system with declining utilization rates and idle assets, the book value has been reduced to recoverable value. The said reduction is recognized as impairment loss of ¥8,515 million in extraordinary loss. This consists of ¥4,454 million for local line facilities, ¥1,940 million for long-distance line facilities and ¥2,119 million for others.

Further, the recoverable amount for the said assets is estimated based on the net selling price. The calculation of market value is based on appraised value and other factors, with the value of assets that are difficult to sell or convert to other uses set at ¥0.

In addition, impairment loss of ¥1,431 million on business assets in certain subsidiaries was recognized in extraordinary loss.

Note 6: Loss on retirement of noncurrent assets

	Year ended March 31, 2011	Year ended March 31, 2012
Facility used for current 800MHz band	¥28,383M	-
Facility used for legacy service	¥3,256M	-
Others	¥176M	-
Total	¥31,816M	-

Note 7: Loss on the Great East Japan Earthquake

For the year ended March 31, 2011

It is for recovery of assets damaged by the Tohoku Region Pacific Coast Earthquake that occurred on March 11, 2011. It includes loss and recovery cost of au base stations, domestic cable and others, support cost to agencies, and other recovery costs. It includes ¥16,282 million in transfer for losses on the Great East Japan Earthquake.

For the year ended March 31, 2012

It includes cost of handset replacement of victims and other recovery cost of the Great East Japan Earthquake on March 31, 2011.

(Consolidated Statements of Comprehensive Income)

For the year ended March 31, 2012

Amount of recycling and amount of income tax effect associated with other comprehensive income

Valuation difference on available-for-sale securities

Amount recognized in the period under review	¥6,846M
Amount of recycling	¥449M
••Before income tax effect adjustment	¥7,295M
••Amount of income tax effect	(¥104M)
••Valuation difference on available-for-sale securities	¥7,190M

Foreign currency translation adjustment

Amount recognized in the period under review	(¥3,640M)
Amount of recycling	-
••Before income tax effect adjustment	(¥3,640M)
••Amount of income tax effect	-
••Foreign currency translation adjustment	(¥3,640M)

Share of other comprehensive income of associates accounted for using equity method

Amount recognized in the period under review	(¥1,118M)
Amount of recycling	¥219M
Share of other comprehensive income of associates accounted for using equity method	(¥898M)
• • • Total other comprehensive income	¥2,651M

(Consolidated Statements of Changes in Net Assets)
For the year ended March 31, 2011

1. Total number and type of shares outstanding and total number and type of treasury stock

	As of March 31, 2010	Increase during the year ended March 31, 2011	Decrease during the year ended March 31, 2011	As of March 31, 2011
Shares outstanding				
Common stock	4,484,818	-	-	4,484,818
Total	4,484,818	-	-	4,484,818
Treasury stock				
Common stock ^{Note}	30,705	208,271	-	238,976
Total	30,705	208,271	-	238,976

Note: The increase of 208,271 shares in the Company's holdings of its own shares of common stock resulted from the Company's acquisition of its own shares in accordance with a resolution at a meeting of the Board of Directors held on October 22, 2010.

2. Subscription warrants and own share option

	Breakdown of subscription warrants	Types of shares subject to subscription warrants	Number of shares subject to subscription warrants				Balance as of March 31, 2011
			As of March 31, 2010	Increase during the year ended March 31, 2011	Decrease during the year ended March 31, 2011	As of March 31, 2011	
The Company (parent company)	Subscription warrants as stock options		-				¥1,410M
Consolidated subsidiaries	Subscription warrants as stock options		-				¥94M
Total			-				¥1,504M

3. Dividends

(1) Cash dividends payments

Resolution	Type of shares	Total dividends	Dividends per share	Record date	Effective date
June 17, 2010 Annual meeting of shareholders	Common stock	¥28,951M	¥6,500	March 31, 2010	June 18, 2010
October 22, 2010 Meeting of the Board of Directors	Common stock	¥28,951M	¥6,500	September 30, 2010	November 19, 2010

(2) Approval of dividends payments for which the record date is in the fiscal year under review and the effective date is in the following fiscal year is planned as follows

Resolution	Type of shares	Total dividends	Dividend resource	Dividends per share	Record date	Effective date
June 16, 2011 Annual meeting of shareholders	Common stock	¥31,843M	Retained earnings	¥7,500	March 31, 2011	June 17, 2011

For the year ended March 31, 2012

1. Total number and type of shares outstanding and total number and type of treasury stock

	As of March 31, 2011	Increase during the year ended March 31, 2012	Decrease during the year ended March 31, 2012	As of March 31, 2012
Shares outstanding				
Common stock	4,484,818	-	-	4,484,818
Total	4,484,818	-	-	4,484,818
Treasury stock				
Common stock	238,976	424,126	96	663,006
Total	238,976	424,126	96	663,006

Note 1: The increase of 424,126 shares in the Company's holdings of its own shares of common stock resulted from the Company's acquisition of its treasury stock in accordance with a resolution at a meeting of the Board of Directors held on November 28, 2011.

2: The decrease of 96 shares in the Company's holdings of its own shares of common stock resulted from the exercise of stock options.

2. Subscription warrants and own stock option

	Breakdown of subscription warrants	Types of shares subject to subscription warrants	Number of shares subject to subscription warrants				Balance as of March 31, 2012
			As of March 31, 2011	Increase during the year ended March 31, 2012	Decrease during the year ended March 31, 2012	As of March 31, 2012	
The Company (parent company)	Subscription warrants as stock options	-	-				¥1,037M
	Convertible bonds due 2015 convertible bond-type bonds with subscription rights to shares (Issued on December 14, 2011) ^{Note}	Common stock	-	348,979 shares Upper limit	-	348,979 shares Upper limit	-
Consolidated subsidiaries	Subscription warrants as stock options	-	-				¥90M
Total		-	-	-	-	-	¥1,128M

Note: Convertible bonds due 2015 convertible bond-type bonds with subscription rights to shares (Issued on December 14, 2011)

1. The number of shares reserved for subscription warrants is the number of shares that would be needed in the event that stock options were exercised.

2. The increase in the number of shares is due to issuance.

3. Dividends

(1) Cash dividends payments

Resolution	Type of shares	Total dividends	Dividends per share	Record date	Effective date
June 16, 2011 Annual meeting of shareholders	Common stock	¥31,843M	¥7,500	March 31, 2011	June 17, 2011
October 24, 2011 Meeting of the Board of Directors	Common stock	¥31,843M	¥7,500	September 30, 2011	November 21, 2011

(2) Approval of dividends payments for which the record date is in the fiscal year under review and the

effective date is in the following fiscal year is planned as follows

Resolution	Type of shares	Total dividends	Dividend resource	Dividends per share	Record date	Effective date
June 20, 2012 Annual meeting of shareholders	Common stock	¥32,485M	Retained earnings	¥8,500	March 31, 2012	June 21, 2012

(Consolidated Statement of Cash Flows)

Note 1: Relationship between balance of cash and cash equivalents and items presented in consolidated balance sheet

	Year ended March 31, 2011	Year ended March 31, 2012
Cash and deposits account	¥136,921M	¥100,037M
Securities account	¥25,201M	¥80,188M
Total	¥162,123M	¥180,225M
Time deposit with terms exceeding 3 months and deposits with collateral	(¥2,253M)	(¥6,033M)
Cash and cash equivalents	¥159,869M	¥174,191M

Note 2: Major assets and liabilities of company that became a consolidated subsidiary through the acquisition of shares

For the year ended March 31, 2011

No significant items to be reported.

For the year ended March 31, 2012

The breakdown of assets and liabilities at the point when consolidation was initiated due to the consolidation of WebMoney Corporation as a result of the acquisition of shares, and the relationship between the amount of the acquisition of shares and the expenditures for the purpose of the acquisition (net amount), are as follows.

Current assets	¥17,901M
Noncurrent assets	¥3,401M
Goodwill	¥16,344M
Current liabilities	(¥18,208M)
Minority interests	(¥86M)
Amount of the acquisition of shares of WebMoney Corporation	¥19,352M
Cash and cash equivalents of WebMoney Corporation	(¥8,440M)
Expenditures for the purpose of the acquisition of WebMoney Corporation	¥10,912M

Note 3: In regard to the acquired beneficial interest in trust, accompanying the termination of the real estate investment trust contract, the ownership of the assets that had been held in trust were transferred to the Company.

These acquired assets were recorded as follows in the noncurrent assets-telecommunications business section of the consolidated balance sheets-machinery: ¥1,065 million; buildings: ¥6,125 million; structures: ¥97 million; land: ¥7,697 million; other tangible assets: ¥8 million.

Note 4: Details of major non-cash transactions

Amount of assets and liabilities related to finance lease transactions

	Year ended March 31, 2011	Year ended March 31, 2012
Assets related to finance lease transaction	¥5,672M	¥5,170M
Liabilities related to finance lease transaction	¥5,959M	¥5,642M

(Segment Information)

[Segment Information]

1. Outline of business segments reported

The business segments the Companies reports are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors, etc. to evaluate regularly in determining how to allocate resources and assess their business performance.

As the Companies is a comprehensive telecommunications company combining mobile and fixed-line communications in a single company, its business segments reported comprise of the “Mobile Business” and the “Fixed-line Business.”

The Mobile Business provides mobile services (voice and data service), sales of mobile phone handsets and content and other services. The Fixed-Line Business provides various fixed-line communications services, including broadband services centering in FTTH and CATV access lines, long distance and international telecommunications services. In addition, the Companies offers data center services and various ICT solutions services outside of Japan.

2. Method of calculating sales and income (loss), identifiable assets, and other items by business segment reported

Accounting method for business segment reported is the same as presentations on “Basis of Presenting Consolidated Financial Statements.”

Income by business segments reported are calculated based on operating income.

Intersegment sales are calculated based on third-party trading prices.

3. Information on sales and income (loss), identifiable assets, and other items by business segment reported

For the year ended March 31, 2011

(Amount unit: Millions of yen)

	Mobile Business	Fixed-line Business	Subtotal	Others ¹	Total	Elimination and corporate ²	Consolidation
Sales							
Outside sales	2,582,366	803,589	3,385,956	48,589	3,434,545	-	3,434,545
Intersegment sales	8,358	93,661	102,019	65,736	167,756	(167,756)	-
Total	2,590,724	897,251	3,487,975	114,326	3,602,302	(167,756)	3,434,545
Income by business segment	438,885	23,989	462,875	8,529	471,404	506	471,911
Identifiable assets by business segment	2,024,393	1,278,619	3,303,012	65,813	3,368,825	410,092	3,778,918
Other items							
Depreciation ^{3, 4}	324,486	124,100	448,587	1,359	449,947	(628)	449,318
Amortization of goodwill	115	11,255	11,371	2	11,373	-	11,373
Investment to equity-method affiliates	2,192	336,520	338,712	18,168	356,880	-	356,880
Increase of property, plant and equipment and intangible assets ⁴	324,248	99,550	423,799	1,215	425,015	6,532	431,548

Notes: 1. The “Others” category incorporates operations not included in business segments reported, including call center business, research and technological development, and other operations.

2.

(1) Adjustment of segment income (loss) refers to elimination of intersegment transactions.

(2) Adjustments of segment assets worth ¥410,092 million include company-wide assets of ¥568,260 million and eliminations of presenting company, etc. obligations and eliminations of inter-segment transactions of (¥152,663 million). The majority of these assets are surplus funds provided to companies, long-term investments and assets related to administrative divisions.

(3) Increase of property, plant and equipment and intangible assets is ¥6,532 million mainly from increase in assets

related to management and common systems.

3. For depreciation related to company-wide assets, amounts allocated to each reported segment are ¥9,474 million for the Mobile Business and ¥6,788 million for the Fixed-line Business.

4. This includes long-term prepaid expenses.

For the year ended March 31, 2012

(Amount unit: Millions of yen)

	Mobile Business	Fixed-line Business	Subtotal	Others ¹	Total	Elimination and corporate ²	Consolidation
Sales							
Outside sales	2,716,864	818,696	3,535,560	36,537	3,572,098	-	3,572,098
Intersegment sales	10,147	96,840	106,987	70,336	177,324	(177,324)	-
Total	2,727,012	915,536	3,642,548	106,873	3,749,422	(177,324)	3,572,098
Income by business segment	419,190	53,431	472,622	4,298	476,921	726	477,647
Identifiable assets by business segment	2,253,980	1,326,507	3,580,487	71,676	3,652,164	351,844	4,004,009
Other items							
Depreciation ^{3, 4}	302,880	113,715	416,596	1,669	418,265	(379)	417,886
Amortization of goodwill	2,629	11,422	14,051	223	14,275	-	14,275
Investment to equity-method affiliates	2,527	329,323	331,851	19,969	351,820	-	351,820
Increase of property, plant and equipment and intangible assets ¹	252,853	124,160	377,014	2,422	379,436	8,242	387,679

Notes: 1. The "Others" category incorporates operations not included in business segments reported, including call center business, research and technological development, and other operations.

2.

(1) Adjustment of segment income (loss) refers to elimination of intersegment transactions.

(2) Adjustments of segment assets worth ¥351,844 million include company-wide assets of ¥515,165 million and eliminations of presenting company, etc. obligations and eliminations of inter-segment transactions of (¥163,320 million). The majority of these assets are surplus funds provided to companies, long-term investments and assets related to administrative divisions.

(3) Increase of property, plant and equipment and intangible assets is ¥8,242 million mainly from increase in assets related to management and common systems.

3. For depreciation related to company-wide assets, amounts allocated to each reported segment are ¥7,729 million for the Mobile Business and ¥6,106 million for the Fixed-line Business.

4. This includes long-term prepaid expenses

(Relative information)

For the year ended March 31, 2011

1. Products and services information

2. Geographic segment information

1) Sales

Sales information by geographic segment is not shown since outside sales in Japan accounted for over 90% of operating revenue on the consolidated statements of income.

2) Property, plant and equipment

Property, plant and equipment information by geographic segment is not shown since property, plant and equipment in Japan accounted for over 90% of property, plant and equipment on the consolidated balance sheets.

3. Information by major clients

Information by major clients is not shown since outside sales for major clients accounted for less 10% of operating revenue on the consolidated statements of income.

For the year ended March 31, 2012

1. Products and services information

2. Geographic segment information

1) Sales

Sales information by geographic segment is not shown since outside sales in Japan accounted for over 90% of operating revenue on the consolidated statements of income.

2) Property, plant and equipment

Property, plant and equipment information by geographic segment is not shown since property, plant and equipment in Japan accounted for over 90% of property, plant and equipment on the consolidated balance sheets.

3. Information by major clients

Information by major clients is not shown since outside sales for major clients accounted for less 10% of operating revenue on the consolidated statements of income.

(Information on impairment loss in noncurrent assets by business segment)

For the year ended March 31, 2011

(Amount unit: Millions of yen)

	Mobile Business	Fixed-line Business	Other Business	Corporate	Consolidation
Impairment Loss	13,060	38,923	125	30	52,141

For the year ended March 31, 2012

(Amount unit: Millions of yen)

	Mobile Business	Fixed-line Business	Other Business	Corporate	Consolidation
Impairment Loss	5	9,941	-	-	9,946

(Information on amortization of goodwill and unamortized balance by business segment)

For the year ended March 31, 2011

(Amount unit: Millions of yen)

	Mobile Business	Fixed-line Business	Other Business	Consolidation
Amortization of goodwill	115	11,255	2	11,373
Balance at end of period	4,249	60,363	-	64,612

For the year ended March 31, 2012

(Amount unit: Millions of yen)

	Mobile Business	Fixed-line Business	Other Business	Consolidation
Amortization of goodwill	2,629	11,422	223	14,275
Balance at end of period	19,485	72,415	-	91,901

(Information on negative goodwill by business segment)

For the year ended March 31, 2011 and the year ended March 31, 2012

No significant items to be reported.

(Lease Payment)

(As a lessee)

For the year ended March 31, 2011 and the year ended March 31, 2012

1. Finance leases

No significant items to be reported.

2. Operating leases

No significant items to be reported.

(As a lessor)

For the year ended March 31, 2011 and the year ended March 31, 2012

Finance leases

No significant items to be reported.

(Related Party Transaction)

Transactions with related party

Transactions with the Company and related party

Affiliates of the Company

For the year ended March 31, 2011

(Amount unit: Millions of yen)

Type	Company Name	Head Office	Capital Stock	Percentage for Possession of Voting Rights	Relationship with Related Party	Contents of Transaction	Amount for Transaction	Title of Account	Amount as of March 31, 2011
Equity-method Affiliate	UQ Communications Inc.	Minato-ku, Tokyo	23,925	Possession Direct 32.3%	Debit guarantee of loans	Debit guarantee ^{Note}	118,700	-	-
						Receiving warrantee fee	262	Accounts receivable-other	89

Terms and conditions and policies for terms and conditions

Note: Guarantee amounts for bank borrowings as of year end are shown in the transaction column.

For the year ended March 31, 2012

(Amount unit: Millions of yen)

Type	Company Name	Head Office	Capital Stock	Percentage for Possession of Voting Rights	Relationship with Related Party	Contents of Transaction	Amount for Transaction	Title of Account	Amount as of March 31, 2012
Equity-method Affiliate	UQ Communications Inc.	Minato-ku, Tokyo	23,925	Possession Direct 32.3%	Debit guarantee of loans	Debit guarantee ^{Note}	156,700	-	-
						Receiving warrantee fee	495	Accounts receivable-other	132

Terms and conditions and policies for terms and conditions

Note: Guarantee amounts for bank borrowings as of year end are shown in the transaction column.

(Income Taxes)

1. Significant components of deferred tax assets and liabilities

(Amount unit: Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Deferred tax assets		
Depreciation and amortization	73,268	41,103
Allowance for doubtful accounts	10,532	9,526
Disposal of fixed assets	1,877	2,253
Inventory write down	2,527	1,267
Impairment loss	40,353	44,622
Reserve for retirement benefits	4,120	4,356
Allowance for bonus payment	8,567	8,313
Accrued expenses	2,954	3,007
Net operating loss carried forward	13,186	2,945
Unrealized profits	2,347	2,352
Reserve for point service program	34,578	34,700
Accrued enterprise taxes	665	10,807
Advances received	24,142	20,230
Provision for loss on the Great East Japan Earthquake	5,936	758
Other	10,693	10,471
Gross deferred tax assets	235,750	196,715
Valuation allowance	(17,830)	(8,055)
Net deferred tax assets	217,919	188,660
(Deferred tax liabilities)		
Special depreciation reserve	(1,093)	(1,696)
Net unrealized gains on securities	(19,594)	(19,659)
Retained earnings for overseas affiliates	(1,270)	(1,446)
Accrued enterprise taxes receivable	(1,957)	-
Gain on transfer from business divestitures	-	(1,692)
Other	(2,360)	(4,019)
Total deferred tax liabilities	(26,276)	(28,513)
Net deferred tax assets	191,643	160,146

2. Summary of significant differences between the statutory tax rate and the Company's effective tax rate

	As of March 31, 2011	As of March 31, 2012
Effective statutory tax rate	40.6%	40.6%
Adjustments:		
Permanently non-deductible items including dividend income	0.2	0.1
Inhabitant tax on per capita levy	0.1	0.1
Tax credit for research and development expenses	(0.3)	(0.2)
Amortization of goodwill	1.3	1.2
Effect of equity-method investment income	2.3	1.6
Permanently non-deductible items including dividend income	(0.1)	(0.2)
Reserve for loss brought forward Valuation allowance	(1.0)	(0.1)
Valuation allowance	(1.9)	(1.3)
Effects of tax rate differences for subsidiaries	(1.9)	(0.2)
Reversal of reserve for tax	0.4	0.3
Liquidation of subsidiaries	(15.7)	-
Effect of share exchange	-	3.3
Other	(0.5)	0.5
Actual tax rate	23.5	45.7

3. Impact from the change in the corporation tax rate, etc.

Due to the promulgation on December 2, 2011, of The Law to Revise the Income Tax, etc., in Order to Construct a Tax System Addressing Changes in the Socio-Economic Structure (Law No. 114 of 2011), and The

Act on Special Measures for Securing the Financial Resources to Implement the Restoration from the Tohoku Earthquake(Law No.117 of 2011). for fiscal years beginning on or after April 1, 2012, the corporation tax rate has been reduced and a special reconstruction corporation tax has been instituted. As a result, the effective statutory tax rate used to measure deferred tax assets and liabilities has been changed from the previous 40.6% to 38.0% for temporary differences expected to be eliminated during the period from the fiscal year beginning on April 1, 2012 to the fiscal year beginning on April 1, 2014, and to 35.6% for temporary differences expected to be eliminated in the fiscal year beginning on April 1, 2015.

As a result of this tax rate change the amount of deferred tax assets (net of the amount of deferred tax liabilities) decreased by ¥12,006 million, valuation difference on available for-sale securities increased by ¥2,762 million, and income taxes-deferred increased by ¥14,769 million.

(Financial Instruments)

1. Status of financial instruments

(1) Policy for measures relating to financial instruments

In light of plans for capital investment, primarily for conducting telecommunications business, the Companies raise the funds it requires through bank loans and bonds issuance. The Companies manage temporary fund surpluses through financial assets that have high levels of safety. Further, the Companies raise short-term working capital through bank loans. Regarding derivatives policy, the Companies' adhere to the fundamental principle of limiting transactions to those actually required and never conducting speculative transactions for trading profit.

(2) Details of financial instruments and associated risk and risk management system

Trade receivables—trade notes and accounts receivable and other accounts receivable—are exposed to credit risk in relation to customers and trading partners. For such risk, pursuant to criteria for managing credit exposure, the Companies have systems enabling the management of due dates and balances of each customer and trading partner as well as the analysis of credit status.

The Companies are exposed to market price fluctuation risk in relation to investment securities. However, those are primarily the shares of companies with which the Companies have operational relationships, and periodic analysis of market values is reported to the Board of Directors.

Almost all trade payables—trade notes and accounts payable, other accounts payable, and accrued expenses—have payment due dates within one year.

Those trade payables are exposed to liquidity risk at time of settlement. However, the Companies reduce that risk by having each company review fund-raising plans every month.

Among loans payable, short-term loans payable are primarily for fund raising related to sales transactions, and long-term loans payable are primarily for fund raising related to capital investment and investment and financing. Loans payable with variable interest rates are exposed to interest rate fluctuation risk. However, to reduce fluctuation risk for interest payable and fix interest expenses when it enters into long-term loans at variable interest rates—based on the premise that requirements for special treatment of interest rate swaps are met in relation to evaluation of the effectiveness of hedges—in principle, the Companies use interest rate swap transactions as a hedging method on an individual contract basis.

In transaction-related market risk, the Group's derivative transactions have the objective of avoiding risks associated with assets and liabilities on the consolidated balance sheets. With interest rate transactions, there is a risk of interest rate fluctuations.

Moreover, in regard to credit risk, the counterparties to the Group's derivatives transactions are financial institutions with high degrees of creditworthiness, and accordingly the credit risk of nonfulfillment by a counterparty is considered to be close to zero.

In order to conduct derivative transactions, based on their company's internal regulations and regulations stipulating associated details, finance or accounting divisions must receive approval from those with final-approval authority as stipulated by authority-related regulations through consultation via an internal memo for each derivative transaction and only conduct transactions with financial institutions with high credit ratings.

(3) Supplementary explanation of items relating to the market value of financial instruments

The market values of financial products include prices based on market prices, or, if there are no market prices, they include reasonably estimated prices. Because estimations of the said prices incorporate fluctuating factors, applying different assumptions can in some cases change the said prices.

2. Market value of financial instruments

Amounts recognized in the consolidated balance sheet, market values, and the differences are as shown below. Moreover, items for which it is extremely difficult to determine market values are not included in the following table (see (note 2)).

For the year ended March 31, 2011

(Amount unit: Millions of yen)

	Book value	Market value	Difference
1) Cash and deposits	136,921	136,921	-
2) Notes and accounts receivable-trade	573,508		
Allowance for doubtful accounts ⁱ	(13,767)		
	559,740	559,740	-
3) Accounts receivable-other	68,190	68,190	-
4) Short-term investment securities	25,201	25,201	-
5) Investment securities			
Other securities	69,722	69,722	-
6) Stocks of subsidiaries and affiliates	332,560	186,823	(145,736)
Total assets	1,192,337	1,046,600	(145,736)
7) Notes and accounts payable-trade	65,598	65,598	-
8) Short-term loans payable	1,304	1,304	-
9) Accounts payable-other	192,402	192,402	-
10) Accrued expenses	14,253	14,253	-
11) Income taxes payable	57,764	57,764	-
12) Bonds payable ⁱⁱ	414,978	424,976	9,997
13) Long-term loans payable ⁱⁱ	547,436	551,396	3,960
Total liabilities	1,293,739	1,307,696	13,957

i: Allowance for doubtful accounts recognized in notes and accounts receivable-trade is offset.

ii: Bonds and long-term loans payable included in current portion of noncurrent liabilities are included.

Note 1: Calculation of the market value of financial instruments and items relating to short-term investment securities and derivative transactions

1) Cash and deposits, 2) Notes and accounts receivable-trade, 3) Accounts receivable-other, 4) Short-term investment securities

Because, the settlement periods of the above items are short and their market values are almost the same as their book values, the relevant book values are used. Further, because the credit risk is extremely difficult to determine on an individual basis for notes and accounts receivable-trade, allowance for doubtful accounts is regarded as credit risk and the book value is calculated accordingly.

5) Investment securities, 6) Stock of subsidiaries and affiliates

In relation to the market value of investment securities, for shares the market prices of exchanges are used.

Further, for information on investment securities categorized according to holding purpose, please see the note "Securities."

7) Notes and accounts payable-trade, 8) Short-term loans payable, 9) Accounts payable-other, 10) Accrued expenses, 11) Income taxes payable

Because the settlement periods of the above items are short and their market values are almost the same as their book values, the relevant book values are used.

12) Bonds payable, 13) Long-term loans payable

The market value of bonds payable is calculated based on trading reference data.

The market value of long-term loans payable is calculated by applying a discount rate to the total of principal and interest. That discount rate is based on the assumed interest rate if a similar new loan was entered into. Because long-term loans payable with variable interest rates are based on the condition that interest rates are revised periodically, their market values are almost the same as their book values, the relevant book values are used.

Note 2: Financial instruments for which it is extremely difficult to determine market value

(Amount unit: Millions of yen)

	Book value
Investment securities	
Unlisted equity securities	4,176
Stocks of subsidiaries and affiliates	
Unlisted equity securities	24,327
Investments in capital of subsidiaries and affiliates	182

Because it is recognized that these do not have market values and that the market values are extremely difficult to determine, they are not included in the chart above.

Note 3: Planned redemption amounts after the balance sheet date for monetary assets and short-term investment securities with monetary assets and maturity dates

(Amount unit: Millions of yen)

	Within 1 year	Over 1 year
Cash and deposits	136,921	-
Notes and accounts receivable-trade	532,505	41,002
Accounts receivable-other	68,030	158
Securities	25,201	-
Total	762,659	41,161

Note 4: Planned repayment amounts after the balance sheet date for bonds payable, long-term loans payable

(Amount unit: Millions of yen)

	Within 1 year	Over 1 year
Bonds payable	-	415,000
Long-term loans payable	133,248	414,187
Total	133,248	829,187

For the year ended March 31, 2012

(Amount unit: Millions of yen)

	Book value	Market value	Difference
1) Cash and deposits	100,037	100,037	-
2) Notes and accounts receivable-trade	760,890		
Allowance for doubtful accounts ⁱ	(14,960)		
	745,929	745,929	-
3) Accounts receivable-other	66,286	66,286	-
4) Short-term investment securities	80,188	80,188	-
5) Investment securities			
Bonds intended to be held to maturity	3,005	3,137	132
Other securities	72,374	72,374	-
6) Stocks of subsidiaries and affiliates	326,297	189,567	(136,729)
Total assets	1,394,118	1,257,521	(136,597)
7) Notes and accounts payable-trade	90,661	90,661	-
8) Short-term loans payable	1,486	1,486	-
9) Accounts payable-other	273,119	273,119	-
10) Accrued expenses	20,370	20,370	-
11) Income taxes payable	149,773	149,773	-
12) Bonds payable	414,988	427,727	12,738
13) Convertible bond-type bonds with subscription rights to shares	200,916	214,500	13,583
14) Long-term loans payable ⁱⁱ	414,163	419,340	5,176
Total liabilities	1,565,480	1,596,979	31,498

i: Allowance for doubtful accounts recognized in notes and accounts receivable-trade is offset.

ii: Bonds and long-term loans payable included in current portion of noncurrent liabilities are included.

Note 1: Calculation of the market value of financial instruments and items relating to short-term investment securities and derivative transactions

- 1) Cash and deposits, 2) Notes and accounts receivable-trade, 3) Accounts receivable-other,
4) Short-term investment securities

Because, the settlement periods of the above items are short and their market values are almost the same as their book values, the relevant book values are used. Further, because the credit risk is extremely difficult to determine on an individual basis for notes and accounts receivable-trade, allowance for doubtful accounts is regarded as credit risk and the book value is calculated accordingly.

- 5) Investment securities, 6) Stock of subsidiaries and affiliates

In relation to the market value of investment securities, for shares the market prices of exchanges are used.

Further, for information on investment securities categorized according to holding purpose, please see

the note "Securities."

- 7) Notes and accounts payable-trade, 8) Short-term loans payable, 9) Accounts payable-other, 10) Accrued expenses, 11) Income taxes payable

Because the settlement periods of the above items are short and their market values are almost the same as their book values, the relevant book values are used.

- 12) Bonds payable, 13) Convertible bond-type bonds with subscription rights to shares, 14) Long-term loans payable

The market value of bonds payable and convertible bond-type bonds with subscription rights to shares are calculated based on trading reference data.

The market value of long-term loans payable is calculated by applying a discount rate to the total of principal and interest. That discount rate is based on the assumed interest rate if a similar new loan was entered into. Because long-term loans payable with variable interest rates are based on the condition that interest rates are revised periodically, their market values are almost the same as their book values, the relevant book values are used.

Note 2: Financial instruments for which it is extremely difficult to determine market value

(Amount unit: Millions of yen)

	Book value
Investment securities	
Unlisted equity securities	11,234
Stocks of subsidiaries and affiliates	
Unlisted equity securities	25,517
Investments in capital of subsidiaries and affiliates	185

Because it is recognized that these do not have market values and that the market values are extremely difficult to determine, they are not included in the chart above.

Note 3: Planned redemption amounts after the balance sheet date for monetary assets and short-term investment securities with monetary assets and maturity dates

(Amount unit: Millions of yen)

	Within 1 year	Over 1 year
Cash and deposits	100,037	-
Notes and accounts receivable-trade	653,343	107,546
Accounts receivable-other	66,281	5
Securities	80,000	-
Investment securities	-	3,005
Total	899,662	110,557

Note 4: Planned repayment amounts after the balance sheet date for bonds payable, long-term loans payable

(Amount unit: Millions of yen)

	Within 1 year	Over 1 year
Bonds payable	65,000	350,000
Convertible bond-type bonds with subscription rights to shares	-	200,000
Long-term loans payable	112,877	301,286
Total	177,877	851,286

(Securities)

1. Bonds intended to be held to maturity

For the year ended March 31, 2011

None

For the year ended March 31, 2012

(Amount unit: Millions of yen)

	Types	Book value	Actual values	Unrealized Gain/loss
Bonds for which market value exceeds book value on consolidated balance sheets	(1)National bonds and local bonds, etc.	3,005	3,137	(132)
	(2)Bonds payable	-	-	-
	(3)Others	-	-	-
	Subtotal	3,005	3,137	(132)
Bonds for which market value does not exceed book value on consolidated balance sheets	(1)National bonds and local bonds, etc.	-	-	-
	(2)Bonds payable	-	-	-
	(3)Others	-	-	-
	Subtotal	-	-	-
Total		3,005	3,137	(132)

2. Other securities

For the year ended March 31, 2011

(Amount unit: Millions of yen)

	Types	Book value	Acquisition cost	Unrealized Gain/loss
Securities for which book value of consolidated balance sheets exceeds acquisition cost	(1)Stock	52,495	3,376	49,118
	(2)Bonds			
	i National bonds and local bonds, etc.	-	-	-
	ii Bonds payable	-	-	-
	iii Others	-	-	-
	(3)Others	250	228	21
	Subtotal	52,745	3,604	49,140
Securities for which book value of consolidated balance sheets does not exceed acquisition cost	(1)Stock	17,017	17,857	(839)
	(2)Bonds			
	i National bonds and local bonds, etc.	-	-	-
	ii Bonds payable	-	-	-
	iii Others	25,000	25,000	-
	(3)Others	160	174	(13)
	Subtotal	42,178	43,032	(853)
Total		94,923	46,636	48,287

Note: Because it is recognized that these do not have market values and that the market values are extremely difficult to determine, unlisted equity securities (Consolidation ¥4,176 million•• is not included in the chart above.

For the year ended March 31, 2012

(Amount unit: Millions of yen)

	Types	Book value	Acquisition cost	Unrealized Gain/loss
Securities for which book value of consolidated balance sheets exceeds acquisition cost	(1)Stock	71,627	3,509	68,117
	(2)Bonds			
	i National bonds and local bonds, etc.	-	-	-
	ii Bonds payable	-	-	-
	iii Others	-	-	-
	(3)Others	39	34	4
	Subtotal	71,666	3,544	68,122
Securities for which book value of consolidated balance sheets does not exceed acquisition cost	(1)Stock	852	2,770	(1,917)
	(2)Bonds			
	i National bonds and local bonds, etc.	-	-	-
	ii Bonds payable	-	-	-
	iii Others	-	-	-
	(3)Others	80,042	80,046	(4)
	Subtotal	80,895	82,817	(1,921)
Total		152,562	86,361	66,200

Note: Because it is recognized that these do not have market values and that the market values are extremely difficult to determine, unlisted equity securities (Consolidation ¥11,234 million•• is not included in the chart above.

3. Other securities sold

For the year ended March 31, 2011

(Amount unit: Millions of yen)

Type	Amount of sale	Total gain on sale	Total loss on sale
Stock	15,717	5,690	-

For the year ended March 31, 2012

(Amount unit: Millions of yen)

Type	Amount of sale	Total gain on sale	Total loss on sale
Stock	3,986	137	89

4. Impairment of investment securities

For the year ended March 31, 2011, the Companies recognized an impairment of ¥368 million on investment securities (other securities). For the year ended March 31, 2012, the Companies recognized an impairment of ¥509 million on investment securities (other securities).

Further, regarding impairment treatment, for securities for which market value at the end of the period had dropped markedly in comparison to acquisition cost, impairment treatment was undertaken for the amount recognized as required in light of the possibility of recovery.

(Derivatives)

Market value of transactions

For the year ended March 31, 2011 and the year ended March 31, 2012

No significant items to be reported.

(Stock Options)

For the year ended March 31, 2011

1. Deals and scale of the stock option granted and changes in the scale

(1) Details of the stock option granted

Company name		KDDI Corporation		
		August 2007 6 th Stock Option	August 2008 7 th Stock Option	August 2009 8 th Stock Option
Category and number of grantees				
Members of the Board		8	8	7
Vice Presidents		19	18	18
Executive Directors		25	29	32
Employees		2,794	2,896	2,951
Directors of wholly owned subsidiaries		10	5	7
Type and number of stock granted		Common stock 5,008	Common stock 5,106	Common stock 5,189
Date of grant		August 10, 2007	August 8, 2008	August 10, 2009
Vesting conditions		<p>1) The grantee of stock options must be, at the time of exercise of options, a director, vice president, executive director, senior advisor, auditor or employee of the Company and/or its subsidiaries. However, when there are appropriate grounds, such as resignation due to completion of term of office or reaching the age of retirement, it will be permitted for the grantee to exercise these options within six months from the start of the applicable period or resignation or retirement, whichever is later, provided the exercise period is not exceeded.</p> <p>2) In the event of the death of a stock option grantee, his or her heirs may, within six months from the date of death (until the expiration of the exercise period), exercise the options for up to the maximum number of shares of stock available as of the time of death.</p> <p>3) In special cases where it is permitted by the Company's Stock Option Committee, the grantee of stock options may exercise their options under conditions different from those described in 1) and 2).</p> <p>4) Other conditions are set forth in the contract concerning the grant of subscription warrants made between the Company and the grantee of stock options, based on the resolution of the meeting of the Board of Directors.</p>		
Vesting period		From August 10, 2007 To September 30, 2009	From August 8, 2008 To September 30, 2010	From August 10, 2009 To September 30, 2011
Exercise period		From October 1, 2009 To September 30, 2011	From October 1, 2010 To September 30, 2012	From October 1, 2011 To September 30, 2013

Company name	DMX Technologies Group Limited		
	October 2003 Stock Option	April 2008 Stock Option	November 2008 Stock Option
Category and number of grantees			
Members of the Board	5	4	6
Employees	56	113	57
Type and number of stock granted	Common stock 10,220,000	Common stock 18,000,000	Common stock 20,000,000
Date of grant	October 3, 2003	April 25, 2008	November 28, 2008
Vesting conditions	1) Based on the condition of being a director or employee of DMX Technology Group Limited or its group, rights of 50% are vested one year and two years respectively after the date of grant. 2) Other conditions are pursuant to the stock acquisition rights regulations of DMX Technologies Group Limited.		
Vesting period	From To	There are no regulations concerning vesting periods.	
Exercise period	From To	October 2, 2004 May 26, 2013	April 24, 2009 April 26, 2018
			November 27, 2009 November 28, 2018

Note: Stock options have been converted into equivalent numbers of shares and presented accordingly.

Company name	Wire and Wireless Co., Ltd.		
	December 2010 1 st Stock Option		
Category and number of grantees			
Members of the Board	2		
Employees	20		
Shareholders	2		
Type and number of stock granted	Common stock 2,200		
Date of grant	December 1, 2010		
Vesting conditions	<p>(1) In the event that the party to whom new share subscription rights have been allocated (hereinafter, "Grantee of New Share Subscription Rights") is a director or employee of Party A, said party must also hold a position as director, auditor or employee of Party A or its subsidiary at the time these rights are exercised. However, this restriction is lifted when there are appropriate grounds, such as resignation due to completion of term of office or reaching the age of retirement, upon approval by the Board of Directors of Party A.</p> <p>(2) In the event of Party B's death in the period during which these new share acquisition rights may be exercised, his or her heirs may not exercise these new share subscription rights. However, this restriction is lifted if the heirs have received Board of Directors approval in advance of their attempt to exercise new share subscription rights.</p> <p>(3) These new share subscription rights may not be transferred, pledged or otherwise disposed of.</p> <p>(4) Conditions for applying tax exemption measures under Article 29-2 of the Act on Special Measures Concerning Taxation to new share subscription rights received are as follows.</p> <p>(i) The total amount paid in exchange for the exercise of new share subscription rights may not exceed ¥12 million during a one-year period.</p> <p>(ii) Shares acquired in exchange for the exercise of new share subscription rights shall be recorded via Party A in the transfer account ledger (the transfer account ledger legally prescribed for the transfer of bonds, shares, etc.; the same applies below) of the financial instruments business operator specified by Party A or the legally prescribed financial institution (hereinafter, "Specified Financial Instruments Business Operator"), or such recording shall be received or held in trust at the sales office or business office of the Specified Financial Instruments Business Operator or similar or the shares shall be held in trust.</p>		
Vesting period	From To	There are no regulations concerning vesting periods.	
Exercise period	From To	December 1, 2011 October 29, 2019	

Note: Stock options have been converted into equivalent numbers of shares and presented accordingly.

(2) Scale of stock options and changes in the scale

The following lists the number of shares calculated for the number of stock options that existed in the year ended March 31, 2012

1) Number of stock options

Company name	KDDI Corporation		
	August 2007 6 th Stock Option	August 2008 7 th Stock Option	August 2009 8 th Stock Option
Before vested			
Beginning of period	-	-	5,146
Granted	-	-	-
Forfeited	-	-	19
Vested	-	-	5,127
Unvested	-	-	-
After vested			
Beginning of period	4,558	4,805	-
Vested	-	-	5,127
Exercised	-	2	94
Expired	4,558	145	173
Exercisable	-	4,658	4,860

Company name	DMX Technologies Group Limited		
	October 2003 Stock Option	April 2008 Stock Option	November 2008 Stock Option
Before vested			
Beginning of period	-	-	-
Granted	-	-	-
Forfeited	-	-	-
Vested	-	-	-
Unvested	-	-	-
After vested			
Beginning of period	3,305,544	3,906,858	16,930,000
Vested	-	-	-
Exercised	-	10,000	1,710,000
Expired	-	-	-
Exercisable	3,305,544	3,896,858	15,220,000

Company name	Wire and Wireless Co., Ltd.
	December 2010 1 st Stock Option
Before vested	
Beginning of period	1,402
Granted	-
Forfeited	45
Vested	-
Unvested	1,357
After vested	
Beginning of period	-
Vested	-
Exercised	-
Expired	-
Exercisable	-

2) Unit value

Company name	KDDI Corporation		
	August 2007 6 th Stock Option	August 2008 7 th Stock Option	August 2009 8 th Stock Option
Exercise price	¥879,000	¥649,000	¥539,000
Average share price at exercise	-	¥481,500	¥529,500
Fair value unit price (Date of grant)	¥100,549	¥106,718	¥111,281

Company name	DMX Technologies Group Limited		
	October 2003 Stock Option	April 2008 Stock Option	November 2008 Stock Option
Exercise price	SGD 0.6778	SGD 0.2260	SGD 0.0930
Average share price at exercise	-	SGD 0.3150	SGD 0.3150
Fair value unit price (Date of grant)	SGD 0.7900	SGD 0.2500	SGD 0.0900

Company name	Wire and Wireless Co., Ltd.
	December 2010 1 st Stock Option
Exercise price	24,000
Average share price at exercise	-
Fair value unit price (Date of grant)	-

2. Method of estimating reasonable price for share options

Consolidated subsidiary Wire & Wireless Co., Ltd., is an unlisted company, and consequently the reasonable price of the December 2011 No. 1 share options of Wire & Wireless is calculated by estimating the intrinsic value. The stock valuation method that is the basis of this intrinsic value estimate is a method in which decisions are made with reference to the price calculated in accordance with the discounted cash flow method. The total intrinsic value at the end of the consolidated fiscal year, with calculations based on the intrinsic value of the share options, is ¥0.

3. Method of estimating number of options vested

The number of options vested was calculated by estimating the number of expirations due to unvested options, based on the retirement rate in the year ended March 31, 2012.

4. Amount and classification of expenses

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Operating loss from telecommunications		
Business expenses	156	51
Administrative expenses	109	41
Others	105	33
Total	371	126
Operating loss from incidental business	31	5
Total	31	5
Amount of expenses	402	131

5. Amount recorded as income from the nullification of rights following non-exercise

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Gain on reversal of subscription rights to shares	450	493

(Business Combination)
For the year ended March 31, 2012
Business Combination due to acquisition

1. Overview of business combination

(1) Name of acquired company	WebMoney Corporation
(2) Business activities of acquired company	Issuance and sale of server-managed electronic money
(3) Main reason for the business combination	Targeting the realization of multiple uses under the 3M strategy (Multi-Use, Multi-Network, Multi-Device), the Company acquired shares of WebMoney and made it a consolidated subsidiary in order to enhance the settlement platform.
(4) Date of business combination	July 19, 2011 (Date of commencement of TOB settlement)
(5) Legal form of business combination	Acquisition of shares
(6) Name of company after business combination	WebMoney Corporation
(7) % of voting rights acquired	97.2%
(8) Main factors in determination of acquirer	Because the type of consideration was cash, the Company, which provided the cash, was determined to be the acquirer.
••	

2. Period for which the acquired company's results are included in the consolidated statements of income under review

July 1, 2011, was deemed to be the acquisition date, and accordingly results for the period from July 1, 2011, to March 31, 2012, were included.

••

3. Acquired company acquisition cost: amount and breakdown

Consideration for acquisition	¥19,103M
Costs directly incurred for acquisition	¥248M
Acquisition cost	¥19,352M

••

4. Amount of goodwill recognized, basis for recognition of goodwill, method and period for amortization of goodwill

(1) Amount of goodwill	¥16,344M
(2) Basis for recognition of goodwill	Additional future earnings capacity expected as a result of future operational development by the acquired company.
• • • • •	
(3) Method and period for amortization of goodwill	Straight-line amortization over a period of 13 years.

5. Amounts and breakdown for assets acquired and liabilities assumed in the business combination

Noncurrent assets	¥3,401M
Current assets	¥17,901M
Total assets	¥21,302M
Current liabilities	¥18,208M
Total liabilities	¥18,208M

6. Approximate amount of the effect on the consolidated statements of income for the fiscal year assuming that the business combination had been completed at the beginning of the fiscal year.

The approximate amount of the effect has been omitted because it is not material.

(Asset Retirement Obligations)

For the year ended March 31, 2011 and the year ended March 31, 2012

No significant items to be reported.

(Estate Leases)

For the year ended March 31, 2011 and the year ended March 31, 2012

No significant items to be reported.

(Per Share Information, etc.)

[Per share information]

	Year ended March 31, 2011	Year ended March 31, 2012
Net assets per share	¥495,386.23	¥539,206.73
Net income per share	¥58,149.78	¥58,115.98
Diluted net income per share	Not given as the Company has no potential stocks with dilution effect	¥56,668.91

Note: The following shows the basis of calculating net income per share.

	Year ended March 31, 2011	Year ended March 31, 2012
Net income per share		
Net income for the fiscal year	¥255,122M	¥238,604M
Monetary value not related to common stockholders	-	-
Net income related to common stock	¥255,122M	¥238,604M
Number of weighted average common shares outstanding during the fiscal year (shares)	4,387,331	4,105,665
Diluted Net Income per Share		
Adjustment of net income for the fiscal year	-	(¥49M)
Amortization of bond premium (after deduction of an amount equivalent to tax)*	-	(¥49M)
Increase in number of shares of common stock	-	103,967
(subscription warrants)	-	37
(Convertible bond-type bonds with subscription rights to shares)	-	103,930
Overview of potential stock not included in calculation of diluted net income per share because the stock have no dilution effect	Three types of subscription warrant -August 2007, 6th Stock Option (4,558 subscription warrants) -August 2008, 7th Stock Option (4,805 subscription warrants) -August 2009, 8th Stock Option (5,146 subscription warrants)	One type of subscription warrant -August 2008, 7th Stock Option (4,658 subscription warrants)

* This is the amount of amortization for the fiscal year (after deducting an amount equivalent to tax) of the premium resulting from the issuance of the bonds at an amount higher than the face amount.

(Changes in Accounting Policies)

From the year ended March 31, 2012, we have applied the “Accounting Standard for Earning Per Share” (Accounting Standards Board of Japan [ASBJ] Statement No.2 of June 30, 2010), the “Guidance on Accounting Standard for Earning Per Share” (ASBJ Guidance No.4 of June 30, 2010), and the “Practical Solution on Accounting for Earnings Per Share” (ASBJ PITF No.9 of June 30, 2010).

To calculate diluted net income per share, we have changed the method to include potential services offered by the employees in the fair valuation of stock options of payment when exercising the right regarding stock options whose rights are secured after certain period of employment.

If this accounting standard, etc., had not been applied, there would be no impact on the calculation of net assets per share, net income per share, and diluted net income per share in the previous consolidated fiscal year.

(Significant Subsequent Event)

(Notice Concerning Share Split and Adoption of Share-Trading-Unit System)

The Company resolved at the meeting of the Board of Directors held on April 25, 2012 concerning share split and adoption of share-trading-unit system. The details are as follows.

1. Purpose of Share Split, Adoption of Share-Trading-Unit System, and Partial Changes to Articles of Incorporation

Taking into consideration the intent of the “Action Plan for Consolidating Trading Units” that was announced by all domestic stock exchanges of Japan in November 2007, the Company will conduct a 1:100 share split and adopt a share-trading-unit system to contribute towards improving the convenience and liquidity of the securities market that the Company's stock is listed. Please note that the number of investment units will not actually change following the implementation of the share split and the adoption of the share-trading-unit system.

2. Share Split

(1) Method of share split

The share split shall have a record date of Sunday, September 30, 2012 (because this date falls on a holiday, for all practical purposes the date in substance is Friday, September 28, 2012) and shall involve the splitting of common shares held by shareholders whose names appear or are recorded in the latest Registry of Shareholders on the record date at a ratio of 1:100.

(2) Number of increase in shares by share split

Number of increase in shares by share split shall be 99 times the final total number of issued shares on Sunday, September 30, 2012. The numbers of shares presented below are based on the total number of issued shares on Wednesday, April 25, 2012.

1) Total number of issued shares before share split	4,484,818 shares
2) Number of increase in shares by share split	443,996,982 shares
3) Total number of issued shares after share split	448,481,800 shares
4) Total number of authorized shares after share split	700,000,000 shares

(3) Schedule of share split

1) Public notice date of the record date Friday, September 14, 2012

2) Record date Sunday, September 30, 2012

* For all practical purposes the record date in substance is Friday, September 28, 2012.

3) Effective date Monday, October 1, 2012

3. Adoption of Share-Trading-Unit System

(1) Number of shares in newly established share-trading unit

The adoption of the share-trading-unit system shall take effect on the effective date stated in “2. Share Split” above and the number of shares to constitute a share-trading unit shall be 100 shares.

(2) Schedule for establishment of the new system

Effective date Monday, October 1, 2012

Note: Effective September 26, 2012, the share-trading unit for the Company's shares shall be changed to 100 shares on the securities exchange.

4. Others

Per share information based on the assumption that this stock split had been implemented at the beginning of the previous period is presented as follows for the previous consolidation fiscal year and the consolidated fiscal year under review.

Total net assets per share

As of March 31, 2011 ¥4,953.86

As of March 31, 2012 ¥5,392.07

Net income per share

As of March 31, 2011 ¥581.50

As of March 31, 2012 ¥581.16

Diluted net income per share

As of March 31, 2011 -

As of March 31, 2012 ¥566.69

5. Financial Statements

(1) Balance Sheets

(Amount unit: Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Assets		
Noncurrent assets		
Noncurrent assets-telecommunications business		
Property, plant and equipment		
Machinery	2,592,394	2,693,628
Accumulated depreciation	(1,983,895)	(2,131,133)
Machinery, net	608,498	562,495
Antenna facilities	584,749	613,706
Accumulated depreciation	(236,886)	(271,568)
Antenna facilities, net	347,863	342,137
Terminal facilities	12,548	11,121
Accumulated depreciation	(9,461)	(8,297)
Terminal facilities, net	3,086	2,824
Local line facilities	182,499	191,884
Accumulated depreciation	(123,650)	(130,713)
Local line facilities, net	58,849	61,171
Long-distance line facilities	103,369	101,058
Accumulated depreciation	(93,627)	(95,773)
Long-distance line facilities, net	9,741	5,284
Engineering facilities	61,319	61,479
Accumulated depreciation	(35,977)	(37,595)
Engineering facilities, net	25,341	23,883
Submarine line facilities	57,041	54,328
Accumulated depreciation	(46,747)	(47,138)
Submarine line facilities, net	10,294	7,190
Buildings	402,291	406,580
Accumulated depreciation	(197,927)	(210,573)
Buildings, net	204,363	196,007
Structures	76,907	78,068
Accumulated depreciation	(45,099)	(47,704)
Structures, net	31,807	30,364
Machinery and equipment	11,654	11,635
Accumulated depreciation	(11,000)	(11,341)
Machinery and equipment, net	654	293
Vehicles	1,054	1,054
Accumulated depreciation	(550)	(694)
Vehicles, net	503	360
Tools, furniture and fixtures	75,721	79,216
Accumulated depreciation	(51,912)	(57,660)
Tools, furnitures and fixtures, net	23,809	21,556
Land	239,900	246,942
Lease assets	4,829	4,829
Accumulated depreciation	(2,623)	(3,833)
Lease assets, net	2,206	996
Construction in progress	71,097	126,237
Total property, plant and equipment	1,638,018	1,627,746

(Amount unit: Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Intangible assets		
Right of using submarine line facilities	4,543	4,949
Right of using facilities	8,988	10,457
Software	190,819	173,835
Goodwill	12,182	7,752
Patent right	1	1
Leasehold right	1,420	1,426
Other intangible assets	2,348	2,297
Total intangible assets	220,304	200,720
Total noncurrent assets-telecommunications business	1,858,323	1,828,467
Incidental business facilities		
Property, plant and equipment		
Property, plant and equipment	14,700	25,102
Accumulated depreciation	(9,316)	(10,180)
Property, plant and equipment, net	5,384	14,921
Total property, plant and equipment	5,384	14,921
Intangible assets		
Total intangible assets	7,076	10,629
Total noncurrent assets-incidental business	12,461	25,551
Investments and other assets		
Investment securities	72,948	82,939
Stocks of subsidiaries and affiliates	524,429	590,620
Investments in capital	1,025	434
Investments in capital of subsidiaries and affiliates	1,658	5,659
Long-term loans receivable	210	208
Long-term loans receivable from subsidiaries and affiliates	68,462	44,270
Long-term prepaid expenses	81,447	90,208
Deferred tax assets	123,832	99,064
Other investment and other assets	41,560	40,576
Allowance for doubtful accounts	(7,765)	(8,772)
Total investments and other assets	907,810	945,210
Total noncurrent assets	2,778,595	2,799,229
Current assets		
Cash and deposits	112,633	55,257
Notes receivable-trade	29	30
Accounts receivable-trade	527,560	707,175
Accounts receivable-other	26,661	39,677
Income taxes receivable	32,691	-
Short-term investment securities	25,000	80,000
Supplies	54,100	61,018
Prepaid expenses	11,060	12,253
Deferred tax assets	54,703	50,986
Short-term loans receivable to subsidiaries and affiliates	30,643	56,073
Other current assets	3,343	3,454
Allowance for doubtful accounts	(12,693)	(13,266)
Total current assets	865,735	1,052,662
Total assets	3,644,330	3,851,891

	As of March 31, 2011	As of March 31, 2012
Liabilities		
Noncurrent liabilities		
Bonds payable	414,978	349,991
Convertible bond-type bonds with subscription rights to shares	-	200,916
Long-term loans payable	407,311	297,517
Lease obligations	1,046	206
Provision for retirement benefits	15,697	15,571
Provision for point card certificates	83,446	89,677
Provision for warranties for completed construction	3,732	2,569
Asset retirement obligations	1,955	1,865
Other noncurrent liabilities	35,907	33,652
Total noncurrent liabilities	964,075	991,967
Current liabilities		
Current portion of noncurrent liabilities	125,574	174,791
Accounts payable-trade	53,813	75,500
Short-term loans payable	46,222	56,393
Lease obligations	1,270	839
Accounts payable-other	235,182	245,587
Accrued expenses	5,377	5,877
Income taxes payable	143	140,858
Advances received	67,539	59,321
Deposits received	19,238	17,200
Provision for bonuses	15,509	15,651
Provision for directors' bonuses	86	135
Asset retirement obligations	1,206	925
Provision for loss on the Great East Japan Earthquake	16,270	1,992
Total current liabilities	587,436	795,076
Total liabilities	1,551,512	1,787,043
Net assets		
Shareholders' equity		
Capital stock	141,851	141,851
Capital surplus		
Legal capital surplus	305,676	305,676
Other capital surplus	61,415	61,427
Total capital surpluses	367,091	367,104
Retained earnings		
Legal retained earnings	11,752	11,752
Other retained earnings		
Reserve for advanced depreciation of noncurrent assets	579	627
Reserve for special depreciation	228	1,080
General reserve	1,381,033	1,570,933
Retained earnings brought forward	285,467	280,815
Total retained earnings	1,679,061	1,865,210
Treasury stock	(125,244)	(346,163)
Total shareholders' equity	2,062,760	2,028,002

(Amount Unit: Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	28,647	35,807
Total valuation and translation adjustments	28,647	35,807
Subscription rights to shares	1,410	1,037
Total net assets	2,092,818	2,064,847
Total liabilities and net assets	3,644,330	3,851,891

(2) Statements of Income

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Operating income and loss from telecommunications		
Operating revenue		
Total operating revenue	2,371,432	2,278,652
Operating expenses		
Business expenses	573,806	595,968
Operating expenses	107	43
Facilities maintenance expenses	288,932	288,280
Common expenses	2,234	2,617
Administrative expenses	67,620	67,381
Experiment and research expenses	9,277	8,080
Depreciation	403,696	368,569
Noncurrent assets retirement cost	21,867	15,369
Communication facility fee	388,035	374,044
Taxes and dues	37,622	39,827
Total operation expenses	1,793,198	1,760,183
Net operating income from telecommunication	578,233	518,469
Operating income and loss from incidental business		
Operating revenue	767,310	994,883
Operating expenses	917,274	1,080,912
Net operating loss from incidental business	(149,964)	(86,029)
Operating income	428,269	432,440
Non-operating income		
Interest income	1,619	1,770
Interest on securities	111	170
Dividends income	3,964	9,792
Miscellaneous income	6,353	8,010
Total non-operating income	12,049	19,743
Non-operating expenses		
Interest expenses	7,314	6,626
Interest on bonds	6,374	6,005
Miscellaneous expenses	3,701	4,976
Total non-operating expenses	17,390	17,608
Ordinary income	422,929	434,575
Extraordinary income		
Gain on sales of noncurrent assets	1,313	171
Gain on sales of investment securities	-	137
Gain on sales of subsidiaries and affiliates' stocks	190	-
Gain on sales of subsidiaries and affiliates' stocks	364	123
Gain on reversal of subscription rights to shares	450	493
Gain on stock exchange	-	4,909
Dividends due to liquidation of silent partnership contract	-	6,976
Gain on Provision for loss on the Great East Japan Earthquake	-	6,814
Total extraordinary income	2,318	19,627

(Amount unit: Millions of yen)

Year ended March 31, 2011 Year ended March 31, 2012

Extraordinary loss		
Loss on sales of noncurrent assets	-	657
Impairment loss	51,565	8,515
Loss on retirement of noncurrent assets	31,054	-
Loss on valuation of investment securities	368	469
Loss on sales of stocks of subsidiaries and affiliates	815	-
Loss on liquidation of subsidiaries	40,858	-
Loss on adjustment for changes of accounting standard for ass	1,120	-
Loss on the Great East Japan Earthquake	17,557	4,049
Total extraordinary losses	143,341	13,692
Income before income taxes	281,906	440,510
Income taxes-current	40,434	162,284
Income taxes-deferred	(15,351)	28,389
Total income taxes	25,082	190,673
Net income	256,823	249,836

(3) Statements of Changes in Net Assets

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Shareholders' equity		
Capital stock		
Balance at the end of previous period	141,851	141,851
Balance at the end of current period	141,851	141,851
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	305,676	305,676
Balance at the end of current period	305,676	305,676
Other capital surplus		
Balance at the end of previous period	61,415	61,415
Disposal of treasury stock	-	12
Total changes of items during the period	-	12
Balance at the end of current period	61,415	61,427
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	11,752	11,752
Balance at the end of current period	11,752	11,752
Other retained earnings		
Reserve for advanced depreciation of noncurrent assets		
Balance at the end of previous period	-	579
Changes of items during the period		
Provision of reserve for advanced depreciation of noncurrent ass	579	48
Total changes of items during the period	579	48
Balance at the end of current period	579	627
Reserve for special depreciation		
Balance at the end of previous period	417	228
Changes of items during the period		977
Reversal of reserve for special depreciation	(189)	(125)
Total changes of items during the period	(189)	852
Balance at the end of current period	228	1,080
General reserve		
Balance at the end of previous period	1,232,933	1,381,033
Changes of items during the period		
Provision of general reserve	148,100	189,900
Total changes of items during the period	148,100	189,900
Balance at the end of current period	1,381,033	1,570,933
Retained earnings brought forward		
Balance at the end of previous period	235,037	285,467
Changes of items during the period		
Dividends from surplus	(57,903)	(63,687)
Provision of reserve for special depreciation	-	(977)
Reversal of reserve for special depreciation	189	125
Provision of reserve for advanced depreciation of noncurrent assets	(579)	(48)
Provision of general reserve	(148,100)	(189,900)
Net income	256,823	249,836

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Total changes of items during the period	50,430	(4,652)
Balance at the end of current period	285,467	280,815
Treasury stock		
Balance at the end of previous period	(25,244)	(125,244)
Changes of items during the period		
Purchase of treasury stock	(99,999)	(220,969)
Disposal of treasury stock	-	50
Total changes of items during the period	(99,999)	(220,919)
Balance at the end of current period	(125,244)	(346,163)
Total shareholders' equity		
Balance at the end of previous period	1,963,839	2,062,760
Changes of items during the period		
Dividends from surplus	(57,903)	(63,687)
Net income	256,823	249,836
Purchase of treasury stock	(99,999)	(220,969)
Disposal of treasury stock	-	62
Total changes of items during the period	98,920	(34,758)
Balance at the end of current period	2,062,760	2,028,002
Valuation and translation adjustment		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	29,981	28,647
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,333)	7,159
Total changes of items during the period	(1,333)	7,159
Balance at the end of current period	28,647	35,807
Subscription rights to shares		
Balance at the end of previous period	1,475	1,410
Changes of items during the period		
Net changes of items other than shareholders' equity	(64)	(372)
Total changes of items during the period	(64)	(372)
Balance at the end of current period	1,410	1,037
Total net assets		
Balance at the end of previous period	1,995,296	2,092,818
Changes of items during the period		
Dividends from surplus	(57,903)	(63,687)
Net income	256,823	249,836
Purchase of treasury stock	(99,999)	(220,969)
Disposal of treasury stock	-	62
Net changes of items other than shareholders' equity	(1,398)	6,787
Total changes of items during the period	97,521	(27,970)
Balance at the end of current period	2,092,818	2,064,847

EXHIBIT B

Total Call Mobile

Lifeline Program Verification Form

(Internal Use Only)



App ID #: _____

**LIFELINE PROGRAM VERIFICATION FORM
INTERNAL USE ONLY**

Complete and store this form for all Lifeline applications received by Total Call Mobile ("TCM"). Fill in the information below based upon the application identified above. To qualify for Lifeline service from TCM, an applicant must meet the requirements under either Section 1 (Income-Based Eligibility) or Section 2 (Program-Based Eligibility) below.

1. INCOME-BASED ELIGIBILITY

- a) Household Members: _____ (fill in based on response in #3 of application)
b) Maximum Annual Household Income: \$ _____ (fill in based on response in #3 of application)
c) Customer Annual Household Income: \$ _____ (fill in based on response in #3 of application)
d) Documents reviewed (check all applicable)
- | | |
|---|---|
| <input type="checkbox"/> Divorce Decree / Child Support Documents | <input type="checkbox"/> Unemployment / Worker's Compensation Benefits Statements |
| <input type="checkbox"/> Pay stubs (most recent three consecutive months) | <input type="checkbox"/> Veterans Administration Benefits Statements |
| <input type="checkbox"/> Retirement / Pension Benefits Statements | <input type="checkbox"/> W2 Statements |
| <input type="checkbox"/> Social Security Benefits Statements | |

e) Based on my review of the documentation provided by the applicant, the applicant is:

___ Approved (i.e. the documentation indicates that the applicant earns less than the Maximum Annual Household Income threshold indicated above)

___ Denied (i.e. the documentation indicates that the applicant earns more than the Maximum Annual Household Income threshold indicated above)

2. PROGRAM-BASED ELIGIBILITY

a) Applicant indicated that the applicant is enrolled in the following programs that are eligible for Lifeline participation (must choose at least 1)

- | | |
|--|--|
| <input type="checkbox"/> Federal Public Housing / Section 8 | <input type="checkbox"/> National School Lunch Program (free program only) |
| <input type="checkbox"/> Food Supplement Program/ Food Stamps | <input type="checkbox"/> Temporary Assistance for Needy Families |
| <input type="checkbox"/> Low Income Home Energy Assistance Program | <input type="checkbox"/> Other State Program (list state and program name) |
| <input type="checkbox"/> Medicaid / Medical Assistance | State: _____ Program: _____ |

b) Documents reviewed (must choose at least 1)

- | | |
|--|--|
| <input type="checkbox"/> Notice letter of participation | <input type="checkbox"/> Prior year's statement of benefits |
| <input type="checkbox"/> Program participation card / document | <input type="checkbox"/> Other official document evidencing participation: |

c) Based on my review of the documentation provided by the applicant, the applicant is:

___ Approved (i.e. applicant has provided adequate evidence of enrollment in at least one of the programs listed in Section 2(a))

___ Denied (i.e. applicant has NOT provided adequate evidence of enrollment in one of the programs listed in Section 2(a))

3. Certification of Approval or Denial

In approving or denying the application identified above, I hereby certify that I reviewed the eligibility documentation provided by the applicant. If the applicant is approved, I certify that I have checked TCM's database to confirm no prior or duplicate approvals exist for this individual applicant or this applicant's household.

Signature: _____ Date: _____

Print Name: _____

Based on the foregoing, the applicant was:

___ Approved for participation in the TCM Lifeline Program

Approval letter sent: _____ By: _____

___ Denied for participation in the TCM Lifeline Program

Denial letter sent: _____ By: _____

Complete and store this form for all Lifeline applications received by Total Call Mobile ("TCM"). Fill in the information below based upon the application identified above. To qualify for Lifeline service from TCM, an applicant must meet the requirements under either Section 1 (Income-Based Eligibility) or Section 2 (Program-Based Eligibility) below.

1. Income-Based Eligibility

- a) Household Members: _____ (fill in based on response in #3 of application)
- b) Maximum Annual Household Income: \$ _____ (fill in based on response in #3 of application)
- c) Customer Annual Household Income: \$ _____ (fill in based on response in #3 of application)
- d) Documents reviewed (check all applicable):

(choices listed here)

- e) Based on my review of the documentation provided by the applicant, the applicant is:

___ Approved (i.e. the documentation indicates that the applicant earns less than the Maximum Annual Household Income threshold indicated above)

___ Denied (i.e. the documentation indicates that the applicant earns more than the Maximum Annual Household Income threshold indicated above)

2. Program-Based Eligibility

- a) Applicant indicated that applicant is enrolled in the following programs that are eligible for Lifeline participation (must choose at least 1):

(choices listed here)

- b) Documents reviewed (must choose at least 1):

(choices listed here)

- c) Based on my review of the documentation provided by the applicant, the applicant is:

___ Approved (i.e. applicant has provided adequate evidence of enrollment in at least one of the programs listed in Section 2(a))

___ Denied (i.e. applicant has NOT provided adequate evidence of enrollment in one of the programs listed in Section 2(a))

3. Certification of Approval or Denial

In approving or denying the application identified above, I hereby certify that I reviewed the eligibility documentation provided by the applicant. If the applicant is approved, I certify that I have checked TCM's database to confirm no prior or duplicate approvals exist for this individual applicant or this applicant's household.

Signature: _____ Date: _____

Print Name: _____

Based on the foregoing, the applicant was:

___ Approved for participation in the TCM Lifeline Program

Approval letter sent: _____ By: _____

___ Denied for participation in the TCM Lifeline Program

Denial letter sent: _____ By: _____

EXHIBIT C

Total Call Mobile

Customer Service Script

Total Call Mobile - Customer Service Script

Greeting: “Thank you for calling Total Call Mobile. This is (Representative Name). May I please have your name and the state you are calling from?”

**** Representative “Are you calling about a new application or to check the status of a previous application?”****

- **Make sure state is an approved state**
If not ** Representative - “I am sorry, we are not currently providing service in your state. You can go to www.usac.org/li to find a provider in your state. Click on the Low Income Households section and then click on find a service provider in your state**
- **If status of application: **Representative - “May I please have your address?”****
 - ✓ locate application
 - ✓ double check address (make sure the address is valid and correct)
 - ✓ relate the status to customer
 - ✓ note the contact on the account
- **If new application: **Representative - “Great! Thank you for calling Total Call Mobile.”** and perform the following validations.**
 - a) “Are you the head of household?” If not then, “We can only provide service to the head of household. Please have the head of household call us and we’d be happy to sign them up.” If yes, go to (b).
 - b) “Do you currently have wireless or home phone service?” If no, skip the remaining questions and process application.
 - c) (if yes) “Is that a subsidized service or do you pay full price?”
 - d) (if subsidized) “Is this phone under the Lifeline program? The Lifeline program is only available for one phone per household.” If yes go to (e), if they don’t know go to (f), if no, go to (g).
 - e) “We cannot provide you with a second Lifeline phone. If there is a problem with that service or you want to be on our service, you must first disconnect your service with your other provider and then call back to establish service with us.”
 - f) “Can I ask who your provider is?” Check against the larger Lifeline providers (Exhibit D, updated from time-to-time).
 - g) (if not subsidized) “Can I ask who your provider is?” Check against the larger Lifeline providers (Exhibit C, updated from time-to-time).

If it is evident that they don’t already have Lifeline service then proceed for the application.

EXHIBIT D

Model Application/Certification Form (Maryland)



Channel ID: _____
(If Applicable)

LIFELINE PROGRAM FOR THE STATE OF MARYLAND

To apply for Lifeline through Total Call Mobile, please complete this form and submit it to the address at the bottom of the form. For more information or assistance, call 1-800-661-7391. **When you submit this application, you must include the supporting documentation indicated below. Supporting documentation will not be returned.**

1. CUSTOMER INFORMATION

First Name: _____ Last Name: _____

Home Address: _____ City: _____ State: _____ Zip Code: _____
(P.O. Box NOT sufficient)

Home Address: ☐ Permanent ☐ Temporary Date of Birth (MM/DD/YYYY): _____

Billing Address, if different from above: _____ City: _____ State: _____ Zip Code: _____
(P.O. Box IS sufficient)

Last 4 Digits of SSN: _____ Public Aid Case Number (if applicable): _____

Phone Number: (____) - ____ - _____ E-mail: _____

2. PROGRAM-BASED ELIGIBILITY

To qualify for Lifeline, you must complete either this Section or Section #3 below. Check all program(s) that the person in Section #1 is enrolled in. **If you are qualifying for Lifeline under this Section (i.e. by being enrolled in at least one of the following programs), you must provide current proof of program participation with this application.** If any member of your household is a National School Lunch participant, you can check the box for that program.

- | | |
|--|--|
| <input type="checkbox"/> Electric Universal Service Program | <input type="checkbox"/> National School Lunch Program (free program only) |
| <input type="checkbox"/> Federal Public Housing / Section 8 | <input type="checkbox"/> Public Assistance to Adults |
| <input type="checkbox"/> Food Supplement Program/ Food Stamps | <input type="checkbox"/> Supplemental Security Income |
| <input type="checkbox"/> Low Income Home Energy Assistance Program | <input type="checkbox"/> Temporary Assistance for Needy Families |
| <input type="checkbox"/> Maryland Energy Assistance Program | <input type="checkbox"/> Temporary Cash Assistance |
| <input type="checkbox"/> Medicaid / Medical Assistance | <input type="checkbox"/> Temporary Disability Assistance Program |

3. INCOME-BASED ELIGIBILITY

To qualify for Lifeline, you must complete either this Section or Section #2 above. To qualify based upon your household income, the income of all your household members must be less than the amount indicated in the table below. If your household size is greater than 8, the maximum annual household income to qualify for Lifeline is the income indicated for 8 household members plus \$5,157 for each additional household member.

Household Members: (check the box which applies)	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7	<input type="checkbox"/> 8	____ Specify
Maximum Annual Household Income:	\$14,702	\$19,859	\$25,016	\$30,173	\$35,330	\$40,487	\$45,644	\$50,801	\$ _____
Customer Annual Household Income: \$ _____									

If you qualify for Lifeline under this Section, attach the prior year's state or federal tax return for each household member or your most recent statements of income from the following sources:

- | | |
|---|--|
| - Divorce Decree / Child Support Documents | - Unemployment / Workers' Compensation Benefits Statements |
| - Paystubs (most recent three consecutive months) | - Veterans Administration Benefits Statements |
| - Retirement / Pension Benefit Statements | - W2 Statements |
| - Social Security Benefits Statements | |

Continued on Next Page

4. LIFELINE PLAN SELECTION

Please check the box for the monthly plan that you would like to sign up for (you may change your plan at the end of any month by calling 1-800-661-7391):

☐ PLAN 1 (150 minutes including select international calls for free)

☐ PLAN 3 Unlimited Talk & Text for \$26.49 (regularly \$39.99)

☐ PLAN 2 (250 domestic minutes for free)

☐ PLAN 4 Unlimited Talk, Text & Data for \$36.49 (regularly \$49.99)

5. MULTIPLE HOUSEHOLDS AT THE SAME ADDRESS

- ☐ If you reside at an address occupied by multiple households, including adults who do not contribute income to your household and/or share in your household's expenses, please contact Total Call Mobile and you will be provided an additional form to complete. I certify that I reside at an address occupied by multiple households and have completed an additional form.

6. ACTIVATION AND USAGE REQUIREMENTS

Total Call Mobile Lifeline Plans are a prepaid service. When you receive your phone, contact Total Call Mobile at 611 to activate. To keep your account active, you must use your Lifeline service at least once during any 60 day period by completing an outbound call, purchasing additional minutes, answering an in-bound call from someone other than Total Call Mobile, or by responding to a direct contact from Total Call Mobile confirming that you want to continue receiving Lifeline service with Total Call Mobile. If your service goes unused for 60 days, you will no longer be eligible for Lifeline benefits and your service will be suspended (allowing only 911 calls and calls to customer service) subject to a 30-day cure period during which you can contact Total Call Mobile to confirm that you want to continue receiving Lifeline service from Total Call Mobile.

By signing and initialing each box below, I affirm that the information contained on this form is true and correct under penalty of perjury:

7. SIGNATURE

Date: _____

(Required)

- _____ The information contained within this enrollment form is true and correct. I further acknowledge that Lifeline is a federal benefit program and that providing false or fraudulent statements or documentation in order to receive Lifeline is punishable by law, including fines, imprisonment, de-enrollment, or being barred from the Lifeline program.
- _____ I meet the income-based or program-based eligibility criteria for receiving Lifeline service and have provided documentation of eligibility as required by this enrollment form.
- _____ I understand that Lifeline is only available for one landline or one wireless phone per household (not both); a violation of this requirement would constitute a violation of law and would result in my de-enrollment from the Lifeline program.
- _____ My household is not already receiving Lifeline service from another company. I certify that I am the head of my household and understand that, for the purposes of the Lifeline program, a household is an individual or group of individuals who live together at the same address and share the same income and expenses.
- _____ I understand that I may be required to verify my continued eligibility for the Lifeline program at any time and that failure to do so will result in de-enrollment.
- _____ The address listed in this form is my primary residence, not a second home or a business. If I move to a new address, I will notify Total Call Mobile within 30 days. If I checked "Temporary" address in Section 1 above, I acknowledge that I must recertify my address every 90 days.
- _____ I will notify Total Call Mobile within 30 days if for any reason I no longer satisfy the criteria for receiving Lifeline including, as relevant, if I no longer meet the income-based or program-based criteria, I begin receiving more than one Lifeline benefit, or another member of my household starts receiving a Lifeline benefit. I understand that I may be subject to penalties if I fail to follow this requirement.
- _____ I authorize Total Call Mobile to access my records in order to verify eligibility as required by federal or state agencies. I understand that my information (specifically, my full name, address, date of birth and the last four digits of my social security number) will be transmitted to administrators managing state and/or federal databases.
- _____ Lifeline is not transferable. I will only use this phone for my family's own use and will not resell it, or give it to others.
- _____ In addition, I acknowledge that Lifeline enrollment may be terminated by Total Call Mobile in the event that federal or state Lifeline Programs are changed or terminated, if I no longer qualify for Lifeline, If Total Call Mobile discontinues its Lifeline participation, if I do not use the Lifeline phone for 60 days, or if I breach the terms and conditions at totalcallmobile.com/lifeline.

Please mail this application, with supporting documentation to:

Total Call Mobile, Lifeline Program
1411 W. 190th Street, Suite 700, Gardena, CA 90248

EXHIBIT E

Sample Lifeline Brochure



Free Mobile Phone and Free Service



Through the government-supported
Lifeline program, you may qualify
for a free mobile phone and
free service. See inside for details.
This is a state of Maryland brochure.

Lifeline Plans

For more information or to sign up, call 1-800-661-7391.

If you qualify for the Lifeline program in the state of Maryland, you can choose from the Lifeline Plans below. All of Total Call Mobile's Lifeline Plans have the following features:

- A free phone (selected by Total Call Mobile). Call customer service for upgrade options.
- Free customer service calls.
- Free voicemail and caller id.
- Free 911 and balance inquiry calls.
- For additional minutes, text messages, or international calls, load an "Anytime Plan" refill as described on the back of this brochure or call customer service.

Plan 1: 150 minutes per month (for domestic & select international calls)

- 150 minutes per month (for domestic & select international calls) at no cost to you.
- Plan minutes expire after 30 days.
- Additional minutes are \$0.10 per minute.
- Text messages are \$0.05 per text.
- For details on select international calls that have no extra charges, see the back of this brochure.

Plan 2: 250 minutes per month (for domestic calls)

- 250 minutes per month (for domestic calls) at no cost to you.
- Plan minutes expire after 30 days.
- Additional minutes are \$0.10 per minute.
- Text messages are \$0.05 per text.
- No international calls are included in this plan.

Plan 3: Discounted Plans (discount varies by state)

- You can purchase the Unlimited Talk & Text plan for \$26.49 (regularly \$39.99 for 30 days) or the Unlimited Talk, Text & Data plan for \$36.49 (regularly \$49.99 for 30 days). For plan details, see the back of this brochure. Please call customer service for additional information or to select this option.
- No international calls are included in these plans.

Lifeline Eligibility

Eligibility criteria varies by state. For the state of Maryland, you are eligible for Lifeline if you participate in one of these programs:

Electric Universal Service Program	National School Lunch Program (free program only)
Federal Public Housing / Section 8	Public Assistance to Adults
Food Supplement Program / Food Stamps	Supplemental Security Income
Low Income Home Energy Assistance Program	Temporary Assistance for Needy Families Program
Maryland Energy Assistance Program	Temporary Cash Assistance
Medicaid / Medical Assistance	Temporary Disability Assistance Program

You also qualify for Lifeline in the state of Maryland, if your income is less than 135% of the Federal Poverty Guidelines.

Number in Household	Household Annual Income
1	\$14,702
2	\$19,859
3	\$25,016
4	\$30,173

For details or to determine if you qualify, call us at 1-800-661-7391. Only one person per household may sign up for Lifeline. If your Lifeline Plan is not used for sixty (60) days, it will be terminated.

Lifeline Terms & Conditions

Comprehensive terms and conditions for the Total Call Mobile ("TCM") Lifeline Plans are available at www.totalcallmobile.com. All terms and conditions of service as described herein and on the reverse of this brochure apply to services provided under the Lifeline Plans. Customers understand and agree that by signing up for a Lifeline Plan with Total Call Mobile, they may not have a Lifeline plan with any other carrier (wireless or landline) and further agree to comply with any documentation or verification necessary to confirm that they qualify for Lifeline. In addition, Customer acknowledges that Lifeline Plan enrollment may be terminated at anytime by TCM in the event that the federal or state Lifeline Programs are changed or terminated, if Customer no longer qualifies for Lifeline, if TCM discontinues its Lifeline Plans, or if Customer breaches the terms and conditions. TCM, at its sole discretion, will determine whether or not a Customer is eligible for a Lifeline Plan. To remain qualified for a Lifeline Plan, Customer must successfully complete an annual verification. If Customer fails to complete annual verification within sixty (60) days of the required verification date, Customer will be de-enrolled from the Lifeline Plan. Customer agrees not to give away, resell, or offer to resell the TCM Lifeline phone or service. TCM Lifeline Plans are supported by the government assistance "Lifeline" program. Proof of eligibility is required, such as eligible program card or statement of benefits. If you willfully make false statements in order to obtain a TCM Lifeline Plan, you can be punished by fine or imprisonment or can be barred from the program.

International Texting & Calling

Call worldwide with Total Call Mobile by dialing 011 and the destination. On the Anytime Plan and Lifeline Plan 1, there is no extra charge to call certain cities in the countries listed below. Call 1-800-661-7391 for international rates on other plans or to other destinations. To make international calls, you must have Anytime Plan balance. Also, standard text message rates apply to messages sent worldwide.

Argentina	Hungary	Singapore
Australia	India	South Korea
Austria	Ireland	Spain
Brazil	Israel	Sweden
Canada	Italy	Switzerland
China	Mexico	Taiwan
Cyprus	Netherlands	Thailand
Denmark	New Zealand	United Kingdom
France	Norway	US Guam
Germany	Peru	US Puerto Rico
Greece	Poland	US Saipan
Hong Kong	Portugal	US Virgin Island

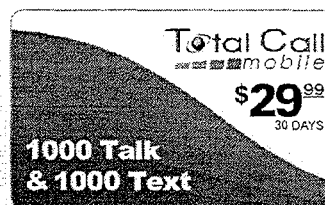
Non-Lifeline Plans

Anytime Plan



- 10¢ per minute
- 5¢ per text
- Available at \$5, \$10 or \$20
- Good for 90 Days

1000 Talk & 1000 Text



- 1000 minutes
- 1000 text messages
- Good for 30 days

Unlimited Talk & Text



- Unlimited talk & text
- Good for 30 days

Unlimited Talk, Text & Data



- Unlimited talk, text & data
- \$12.99 for 7 days
- \$24.99 for 15 days
- \$49.99 for 30 days

All plans include voicemail, caller ID, and domestic long distance. For more information, call 1-800-661-7391 or visit www.totalcallmobile.com.

Refill Options

1. Buy refills from the store where you purchased your handset.
2. Call 1-800-661-7391 to refill by credit card or debit card.
3. Visit a Western Union "prepaid service" location and enter "totalcall" in Box 1 of the prepaid services form. Enter \$10 or \$20 (Anytime), \$29.99 (1000 Talk & 1000 Text), or \$24.99 or \$49.99 (Unlimited Talk, Text & Data). For locations, call 1-800-325-6000.
4. Visit your local e-pin store (wireless store or market).



Service Terms & Conditions

Comprehensive terms and conditions are available at www.totalcallmobile.com. Total Call Mobile ("TCM") service is for personal use within the United States. "Unlimited" does not mean unreasonable use. Unreasonable use includes but is not limited to conference calling, monitoring services, abnormally large data transmissions, broadcast, telemarketing, autodialed calls, commercial uses, an abnormally high number of calls/messages or abnormally long calls, tethering to another device for data transmission, or any other usage that interferes with TCM service/network resources. Data is only available with select handsets. TCM data plans may not be used with smart phones/PDA devices unless the plan is explicitly identified for such devices. International calls are charged at the applicable rate plus air time. Advertised international rates and "Free International Locations" do not apply to calls made to foreign mobile phones or to off network/special locations and in some instances may be higher. The "Free International Locations" promotion only applies when using the Anytime Plan (i.e. 10¢ per minute) or Lifeline Plan 1 (i.e. 150 minutes). Otherwise these locations cost 2¢ per minute plus airtime. TCM reserves the right to limit picture message size at any time. Governmental taxes and fees will be charged where applicable. Plans, rates and fees are subject to change without notice. For more information, current rates, and a complete list of the "Free International Locations", please call 1-800-661-7391 or visit our website. The rates herein are valid as of January 31, 2012. TCM marks contained herein are trademarks of Total Call Mobile, Inc., and/or its affiliated companies. All copy in this brochure is copyright protected under applicable law. TCM reserves all rights with regard to TCM intellectual property.

EXHIBIT F

Lifeline Service Offering

Service Offering

TCM's Lifeline offering proposes to give eligible customers three Lifeline Plan choices:

Option 1: Lifeline 150 Minute Plan*

150 anytime minutes per month

(additional usage priced at 10 cent minutes, texts are 5 cents per text message)

Net cost to Lifeline customer: **\$0 (free)**

*This package includes:

- Free handset
- Free Voicemail and Caller-ID
- Free calls to Customer Service
- Free calls to 911 emergency services
- Free balance inquiries
- No additional charge for international calling to the 250 locations listed on Exhibit E (i.e. only the standard per minute rate applies)
- International calls to other destinations require additional funds based on call destination

Option 2: Lifeline 250 Minute Plan*

250 anytime minutes per month

(additional usage priced at 10 cent minutes, texts are 5 cents per text message)

Net cost to Lifeline customer: **\$0 (free)**

*This package includes:

- Free handset
- Free Voicemail and Caller-ID
- Free calls to Customer Service
- Free calls to 911 emergency services
- Free balance inquiries
- International calls require additional funds based on call destination.

Option 3: Lifeline Credit - Discount Plan*

Lifeline eligible customers may choose the 30-day Unlimited Talk & Text plan or the 30-day Unlimited Talk, Text & Data at a discount off of retail. Said discount will differ based on the customer's state (ranging from \$10 - \$20). Additional details regarding TCM's plans can be found at www.totalcallmobile.com/rateplans_monthly.aspx.

*This package includes:

- Free handset
- Free Voicemail and Caller-ID
- Free calls to Customer Service
- Free calls to 911 emergency services
- Free balance inquiries

EXHIBIT G

Lifeline 150 Minute Plan
Free International Calling Destinations

Free International Calling Destinations on the Lifeline 150 Minute Plan (Certain special or off-network locations may be excluded from the Free International Calling Destinations; (calls to landline phones only unless explicitly indicated otherwise)

List includes over 250 locations worldwide and 30 countries. Locations are subject to change from time to time. Please visit totalcallmobile.com for an updated list.

Featured Countries

Argentina	Greece	Norway
Argentina-Buenos Aires	Greece-Athens	Peru
Argentina-Cordoba	Hong Kong	Peru-Lima
Argentina-Mendoza	Hong Kong-Cellular	Poland
Argentina-Rosario	Hungary	Poland-Warsaw
Australia	Hungary-Budapest	Portugal
Australia-Melbourne	India	Singapore
Austria	India-Ahmedabad	Singapore-Cellular
Brazil	India-Bangalore	South Korea
Brazil-Belo Horizonte	India-Bombay	South Korea-Seoul
Brazil-Campinas	India-Calcutta	Spain
Brazil-Rio de Janeiro	India-Cellular	Sweden
Brazil-Sao Paolo	India-Hyderabad	Switzerland
Canada	India-Madras	Taiwan
China	India-New Delhi	Taiwan-Taipei
China-Beijing	India-Pune	Thailand
China-Cellular	India-Punjab	Thailand-Bangkok
China-Guangzhou	Ireland	Thailand-Cellular
China-Shanghai	Israel	United Kingdom
Cyprus	Italy	US Guam
Denmark	Mexico (city list which follows)	US Puerto Rico
France	Netherlands	US Saipan
France-Paris	Netherlands-Amsterdam	US Virgin Islands
Germany	New Zealand	

Free International Calling Destinations on the Lifeline 150 Minute Plan (continued)

Mexico City List

Guadalajara	Ciudad Constitucion	Heroica Ciudad de Ures
Ciudad de Mexico	Ciudad Cuauhtemoc	Hidalgo
Monterrey	Ciudad del Carmen	Huatabampo
Acaponeta	Ciudad Delicias	Huetamo
Acapulco	Ciudad Guzman	Huimanguillo
Actopan	Ciudad Hidalgo	Huitzuco
Agua Prieta	Ciudad Juarez	Iguala
Aguascalientes	Ciudad Lazaro Cardenas	Irapuato
Allende	Ciudad Mante	Ixtapan de la Sal
Apatzingan	Ciudad Obregon	Ixtlan del Rio
Apizaco	Ciudad Sahagun	Izucar de Matamoros
Arcelia	Ciudad Valles	Jalapa
Atlacomulco	Ciudad Victoria	Jalpa
Atliaca/Tixtla	Coatzacoalcos	Jerez de Garcia Salinas
Atlixco	Colima	Jojutla
Autlan	Cordoba	Juchitan
Bahia de Huatulco	Cosamaloapan	La Barca
Cabo San Lucas	Cozumel	La Paz
Caborca	Cuautla	La Piedad
Cadereyta Jimenez	Cuernavaca	Lago de Moreno
Campeche	Culiacan	Leon
Cananea	Durnago	Lerdo de Tejada
Cancun	Encarnacion de Diaz	Lerma
Celaya	Ensenda	Linares
Cerralvo	Estación Manuel	Los Mochis
Cheumal	Fresnillo	Los Reyes
Chihuahua	General Tapia	Magdalena
Chilapa	Guamuchil	Manuel
Chilpancingo	Guanajuato	Manuel Ojinaga
Cintalapa de Figueroa	Guasave	Manzanillo
Ciudad Acuna	Guaymas	Martinez de la Torre
Ciudad Altamirano	Guerrero Negro/Santa Rosa	Matamoros
Ciudad Camargo B	Hermosillo	Matehuala

Free International Calling Destinations on the Lifeline 150 Minute Plan (continued)

Mexico City List (continued)

Mazatlan	Rio Grande	Tenango del Aire/Tlalmanalco
Merida	Rio Verde	Tepatitlan
Mexicali	Sabinas	Tepic
Minatitlan	Sahuayo	Tequila
Monclova	Salamanca	Texcoco
Moelia	Saltillo	Teziutlan
Moroleon	Salvatierra	Ticul
Nacozari de Garcia	San Andres Tuxtla	Tijuana
Navojia	San Cristobal de las Casas	Tizayuca
Nogales	San Fernando	Tizimin
Nuevo Casas Grandes	San Jose de Gracia	Tlapa de Comonfort/
Nuevo Laredo	San Jual del Rio	Alcozauca de Gro.
Oaxaca de Juarez	San Luis de La Paz	Tlaxcala
Ocotlan	San Luis Potosi	Toluca
Ometepec	San Luis Rio Colorado	Torreón
Orizaba	San Martin Pachivia/Teloloapa	Tula
Pachuca	San Miguel de Allende	Tulancingo
Palenque	San Quintin	Tuxpan
Parral	Santa Ana	Tuxtepec
Parras de la Fuente	Santa Rosalia de Camargo	Tuxtla Gutierrez
Patzcuaro	Santiago Ixcuintla	Uruapan
Penjamo	Santiago Papasquiaro	Valle de Bravo
Petatlan	Santiago Tianguistenco	Veracruz
Piedras Negras	Silao	Villa Flores
Playas de Rosarito	Tala	Villahermosa
Poza Rica de Hgo	Tampico	Yurecuaro
Puebla	Tapachula	Zacapu
Puerto Penasco	Taxco	Zacatecas
Puerto Vallarta	Tecate	Zamora
Puruandiro	Tecoman	Zihuatanejo
Queretaro	Tecpan de Galeana	Zinapécuaro
Quimichis/Tecuala	Tehuacan	Zitacuaro
Reynosa	Tenancingo	Zumpango